

**BARRIERS AND PATHWAYS TO MICRO AND SMALL BUSINESS PARTICIPATION IN CARIBBEAN
TOURISM: A VALUE CHAIN ANALYSIS**

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ABSTRACT

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The prospect for economic development and poverty reduction in many parts of the developing world is linked directly to the continued growth and development of the tourism industry. In an attempt to pursue sustainable tourism development, public policies have emphasized the need to increase micro and small enterprise (MSE) participation and to increase linkages between tourism and the wider economy. However, there is a lack of consensus on the policy levers that can best meet this goal. This dissertation aims to explore how MSEs participation in global tourism value chains and suggest policy initiatives to increase MSE participation.

The research is set in sections of the north and south coasts of Jamaica, and employs a value chain analysis framework. A social network analysis is used to diagram the value chain in order to account for all categories of tourism value chain participants. In-depth interviews and participant observation are used to explore the barriers and pathways to MSE participation at different points of the value chain as well as to evaluate governance mechanisms that mediate value chain participation.

This research makes a contribution to tourism scholarship by adapting social network analysis framework to the study of tourism value chains. In this way it provides a rigorous methodological approach to value chain mapping in tourism research. Additionally, it

uncovered important barriers and pathways to MSE participation, which will lead to a fuller understanding of global tourism value chains.

The findings indicate MSEs in tourism operate within a hostile business environment, rife with supply constraints and disincentives to participate. However, some MSEs have maintained a visible and active presence in the tourism value chain by forging strategic relationships, diversifying markets, and adopting new and emerging technologies. This is indicative of the ability for MSEs in tourism value chains contribute to the development of the industry and provide an avenue for generating a livelihood for small entrepreneurs. Well-designed policies and programmes could reduce the barriers to participation and allow MSEs to realize their full potential.

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KEY TO ABBREVIATIONS

AI	All inclusive
CTRC	Caribbean Tourism Research Center
CPDC	Caribbean Policy Development Center
DMCs	Destination management companies
FDI	Foreign direct investments
GDP	Gross domestic product
IFC	International Finance Corporation
GSTC	Global Sustainable Tourism Council
JAMPRO	Jamaica Promotions
JAVA	Jamaica Association of Villas and Apartments
JAAL	Jamaica Association of Attractions Ltd
JCAL	Jamaica Cooperative of Automobiles and Limousines
JHTA	Jamaica Hotel and Tourism Association
JTB	Jamaica Tourist Board
JUTA	Jamaica Union of Travelers Association
MSE	Micro and small enterprise
NEPA	National Environment and Planning Agency
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
ODI	Overseas Development Institute

OEM	Original equipment manufacturers
ODM	Original design manufacturing
OBM	Original brand manufacturing
PACA	Participatory appraisal of competitive advantage
PRA	Participatory rapid appraisal
PIOJ	Planning Institute of Jamaica
SBAJ	Small Business Association of Jamaica
STATIN	Statistical Institute of Jamaica
TEF	Tourism Enhancement Fund
TPDCo	Tourism Product Development Company
TVC	Tourism value chain
UNEP	United Nations Environment Program
UNWTO	United Nations World Tourism Organization
VC	Value chain
VCA	Value chain analysis
WCST	World Conference on Sustainable Tourism
WTTC	World Travel and Tourism Council

CHAPTER ONE: INTRODUCTION

1.1 Statement of problem

In many parts of the developing world tourism is promoted as a strategy for poverty reduction and economic development. Tourism is particularly well adapted to create income-earning opportunities for the poor as it is a labor-intensive industry, and as such it can provide employment in a developing country setting. Furthermore, tourism is largely built around natural and cultural assets that are often owned by the local population and can help to address the traditional capital deficit that slows economic development in the periphery. Additionally, tourism has the potential to help diversify economies of third world countries away from a focus on agricultural commodities, towards a service-oriented economy. As such many micro and small enterprises (MSEs) that operate within tourism destinations can be empowered to be earners of foreign exchange, and can become exporters of goods and services.

However, in spite of the potential tourism presents for fostering economic development and poverty reduction, actual tourism development has generally not resulted in sustained poverty reduction and economic development outcomes (Brohman, 1996; Crouch and Ritchie, 1999; Dieke, 1994; Sindiga, 1999). Tourism in some developing countries has been in the past described as anachronistic, narrowly based upon key natural resources, is organized in such a way as to limit local ownership of tourism assets, and result in low levels of participation by indigenous businesses and limited local involvement in policy development (Akama, 1999; Khan, 1997; Manyara and Jones, 2005).

A close examination of the global forces that shaped the early development of tourism may provide some explanation of this problem. In response to declining terms of trade in traditional agricultural commodities, developing countries have been forced to diversify their economies to include tourism as a new and important economic activity. Domestic governments played a role in the economic globalization of tourism through the courting of investment from transnational corporations, establishing physical and institutional structures to support tourism growth, and seeking international aid (technical support, economic aid, and development loans) for the purpose of facilitating growth of the tourism sector (Mowford and Munt, 1998). As such, the period from the 1940s to the 1990s saw an explosion of tourism development in many parts of the developing world. For example, in 1950 only fifteen destinations, mainly in Western Europe and North America, accounted for total global tourism arrivals. However, by the end of the 1990s, new and emerging destinations in the developing world accounted for more than a third of global tourism arrivals (UNWTO, 2012).

Tourism development in the post World War II years was characterized by significant capital investment from tourist generating countries, and the creation of vertically integrated transnational conglomerates transcending several layers of the tourism sector (Coles and Hall, 2008; Gartner, 1996; Wood, 2006; Zhang et al., 2009). Transnational corporations increased their competitiveness through ownership advantages, the attainment of economies of scale in procurement and marketing, and the leveraging of location-specific assets. In addition, there was an increased dependence of destination countries on tourism as an economic activity and greater power disequilibrium between host destinations and global tourism businesses in the design and conduct of the tourism industry. As a consequence the modern tourism industry in

developing countries is highly globalized and is often characterized by non-local origin and/or ownership of tourism assets, resulting in lack of local control.

With the advent of the sustainable development movement there is a general recognition of the need to promote greater levels of local MSE participation in tourism. For example, Agenda 21 for Tourism (UNEP, 2003)¹ called for greater community involvement in tourism policy development and initiatives to increase MSE participation and local economic impacts. There is a need for applied research that can help to inform policies geared to addressing this element of sustainable tourism. This research will contribute to the ongoing discourse on sustainable tourism development, focusing particularly on how MSEs can be integrated in the global tourism value chain. In this dissertation, MSEs include those businesses that have annual sales of less than US \$100,000 and employ less than five individuals, while small businesses have sales of less than US \$5,000,000 and employ less than fifty individuals (SBAJ, 2010).

Within the Caribbean, growth in tourism has occurred simultaneously with a gradual elimination of preferential trading arrangements with Europe, and a corresponding contraction in traditional exports (Gawande et al., 2008; Holder, 1988; Wilkinson, 2008). The strategic approach employed across most of the Caribbean region was to increase the economic impact of the industry by growing the size of the tourism economy in absolute terms (Hope, 1980; Wilkinson, 2008). This translated to policies that were designed to attract foreign direct investments (FDI) with the aim of increasing the number of hotels and/or resorts and intensive

¹ Agenda 21 for tourism called for (1) foreign direct investment partnerships between private and public sectors,

promotion in major North American and European source markets (Hope, 1980; Poon, 1988; Silvera, 2008)

The outcome of this strategy is the creation of a tourism industry that is dominated by large scale business enterprises operating within the mass tourism market segment. Although there are some variations in the pattern of growth throughout the region, the mass-tourism, and all-inclusive model of development dominate some Caribbean destinations. For instance, more than 60 percent of overnight visitors to Jamaica in 2006 stayed in an all-inclusive resort property (PIOJ, 2007). On the north coast of Jamaica 65% of rooms were in hotels classified as all-inclusive resorts in 2010 (JTB, 2011c). In 2015, this figure grew to 76%, with 76% of stop-over visitor opting to vacation in an all-inclusive resort (JTB, 2015).

This model of tourism development is characterised by high levels of foreign ownership, complete or near complete in-house provision of hospitality and recreational services to tourists, and a high dependence upon imported goods and services (CTRC, 1988). As a consequence, linkages between the hospitality sector and smaller entrepreneurs in resort centers are weak. The relationship between the tourism industry and other sectors of the economy such as agriculture, is underdeveloped, resulting in chronic and high levels of leakage from the industry (Belisle, 1983). This is consistent with the view of Andriotis (2001) that tourism development can lead to external dependencies and a loss of local control over resources, tourism development paths, and leakages from the economy.

Within the Jamaican context, although MSEs have provided important services in the tourism industry over many years, their development has not been actively encouraged. A review of the Ministry of Tourism's reports to the Jamaican parliament covering the period

1963 to 2007 revealed no explicit mention of the micro and small business sectors, or of any program support before 2001. As such, MSEs functioned primarily within the informal economy and were accorded limited policy or program support.

The 2002 tourism master plan for Jamaica recognizes the importance of the MSE sector and the need to support its development. This plan called for initiatives to shift the perception of tourism from being an industry that “benefits the few such that Jamaicans should come to view the industry as benefiting the country as a whole” (Commonwealth Secretariat, 2002, p. 4).

The role of MSEs in economic development has been clearly researched and documented. MSEs are credited with providing the dynamism in community economic development through employment creation, business churning, business innovation, adaptability to local market conditions, and competition (Larochelle et al, 2009). It has long been found that MSEs constitute the largest share of business enterprises within a given economy, and as such are an important source of employment at the bottom of the socio-economic pyramid (Tarmidi, 2005). In addition, MSEs generally display high levels of dynamism through on-going entry and exit of new MSEs in the economy. On one hand, while high levels of exit by MSEs can be seen as a weakness, the ability of MSE operators to quickly refinance and resume operation provides some level of resilience in the business environment while supporting a growth agenda (Aris, 2007). There is also evidence that MSEs and smaller scale businesses can contribute to a nation's competitiveness due to their ability to quickly innovate, adopt newer technologies, and adapt to the local business environment (Buckly, 1997; OECD, 2000).

The economic globalization of tourism provides a plausible reason for the under-performance of tourism as a economic development tool within a developing country setting (Coles and Hall, 2008; Mowford and Mont, 1998; Zhang et al., 2009). However, the current state of tourism in many developing countries reflects a large difference between the intent and outcome of tourism policies. It has been largely recognized within international development institutions and multilateral organizations such as the UN, that greater integration of MSEs in tourism economies can help in achieving the pro-poor and poverty reduction goals that have been mooted by proponents of sustainable tourism development. The critical question, therefore, is how to leverage the strength of MSEs to overcome the structural and historical barriers that may be inherent in global tourism. Adequate answers to this question can improve our understanding of sustainable tourism development and suggest policy initiatives that could help advance the economic development and poverty reduction goals of tourism.

In the early discourse on sustainable development, tourism was seen as an ideal mechanism to meet economic development objectives. Several reports emanating from the United Nations World Tourism Organization (UNWTO) mooted the development of policies to encourage MSE participation (United Nations, 2002; UNWTO, 2005). Consistent with this idea, several Caribbean territories embraced sustainable tourism principles in written tourism policies.² There are lingering concerns regarding the ability of MSEs to integrate effectively into commercial tourism activities and to position themselves to access economic opportunities that tourism development has the potential to provide.

² For example the master plans for sustainable tourism development in Jamaica (Commonwealth Secretariat, 2002) and the Belize tourism policy (BTB, 2005) address this issue.

Within the context of a consensus among international development organizations, such as the UN, and individual governments, on the role of MSEs in tourism development, it becomes critically important to understand the factors that affect their effective participation within the tourism value chain (VC). This research recognizes that the barriers to MSE participation may be idiosyncratic to a given destination. Therefore, there is a need for empirical work in specific destinations in order to shed light on factors that impede or encourage MSE participation in a given context. The findings from this work will point to specific policy initiatives that can help lower barriers to MSE participation, facilitate participation in more lucrative functions within the VC, promote sustained economic growth to local economies, and thereby move global tourism closer to realizing its promise for fostering economic development.

1.2 Sustainable tourism development

Early dialogue related to sustainable tourism was influenced by the broader conversation on sustainability that culminated in the publication of the Brundtland Report (United Nations, 1987). Sustainable tourism is defined as the development and management of the tourism industry that establishes a suitable balance between environmental, economic, and socio-cultural concerns, in order to ensure long term viability, provide social and economic benefits to all stakeholders, and contribute to poverty alleviation (Coccossis, 1996; Sharpley, 2000; UNWTO, 2005). It provides a holistic approach to development and was seen as compatible with the goals of preserving the natural environment, and conserving the use of natural resources (Muhanna, 2007).

Farrell (1999) characterized this as essential in the tripartite aim of integrating economic, environmental, and societal concerns with tourism development. These elements of sustainable tourism were addressed over the years at various meetings and summits that sought to advance the sustainable tourism agenda. Some of these included the Charter for Sustainable Tourism; based on the deliberations of global leaders attending the World Conference on Sustainable Tourism (WCST, 1995), the Statement on Sustainable Tourism in Agenda 21 from the World Summit on Sustainable Development in South Africa in 2002 (UNEP, 2003), and the Quebec Declaration on Eco-tourism (UNEP, 2002). A common theme of the declarations and reports cited above was a consistent call for greater local participation in tourism, special effort to increase the local impact of tourism, and increased involvement of micro and small businesses.

The concept of sustainability itself is subject to interpretation, which makes it difficult to implement (Fennell and Butler, 2003). This adds an element of complexity and uncertainty when applied to tourism. Although sustainable tourism has been the subject of on going conversations in academic and development organizations, there is no universal agreement on the concept. In response to this difficulty in implementing sustainable tourism development, the Global Sustainable Tourism Council (GSTC) developed a comprehensive set of guidelines and criteria that sought to inform and guide tourism related businesses (GSTC, 2009). Tourist destinations responded to the demand for sustainability by crafting sustainable tourism policies, developing sustainable tourism products, and establishing product certification and standards.

An important part of the dialogue surrounding sustainable tourism relates to the size and mix of businesses that are compatible with sustainable tourism development. The classic position in this debate was that large-scale tourism development was incompatible with sustainable tourism goals (Pearce, 1992). The case has been made that those larger tourism businesses often enjoy greater efficiencies in their operation due to their ability to attain economies of scale, and as such are inherently incompatible with smaller enterprises. Additionally, large-scale tourism development has pursued investments that were inimical to the economic interests of the destination, offended local cultures, and caused environmental degradation (Holder, 1991). Subsequent voices in this conversation highlighted shortcomings in the classic position by pointing to the ability of mass-tourism and large-scale tourism development to concentrate tourist activities within confined areas and to limit adverse cultural and environmental impacts. Clarke (1997) used a meta analysis of existing research to show that the relationship between the scale and/or size of tourism development and their compatibility with sustainable development has become more nuanced over time. The concern of the contemporary tourism practitioner must be on moving all sizes of tourism businesses closer toward attaining sustainable tourism goals.

Although understanding of sustainable tourism has increased over the years, it has not necessarily resulted in agreement on all aspects of sustainable tourism development. The argument has been made that some sustainable tourism initiatives involve only superficial changes; for example making a vague claim about their environmental stewardship without providing evidence, leading to what has been coined “green washing” (Tobins, 2008). In relation to achieving the economic and equity dimensions of sustainable tourism, the critique

has been put forward that the dominant approach focused on product development initiatives and isolated projects, lacked a systemic view across the tourism VC, and was more often initiated and or implemented by institutions with limited knowledge about tourism and the workings of the tourism industry (ODI, 2009; Thomas, 2014).

The challenge of the modern tourism industry is how to meet the multiple goals of social, economic, and physical sustainability within existing market mechanisms. This may require reconciling perspectives on barriers and pathways to MSE participation across various groups of tourism stakeholders, understanding how linkages within this global VC are created and sustained, and strengthening mechanisms for increasing market participation by a wider range of MSE stakeholders.

This research investigates business relationships that emerge in tourism destinations, the prerequisites for developing businesses linkages, and how these relationships can be effectively sustained. It should be viewed through the lens of sustainable tourism development with a focus on the economic and equity components of sustainability. Recognizing the increasingly globalized nature of tourism, this research used a VC framework to explore stakeholders' understanding of the tourism VC, investigate the governance mechanisms that mediate VC participation, and identify the barriers and pathways of MSE participation in tourism. Through this line of inquiry, this study aims to advance understanding of how to move present day tourism outcomes closer towards achieving the economic and equity dimensions of sustainable development goals.

The Caribbean being composed of small island states with open economies is subject to the forces that shape global tourism. In addition the region is made up of low-income

countries and is the most tourism dependent region in the world (UN, 2012). The island of Jamaica, one of the leading Caribbean destinations, therefore provides an appropriate context for this research.

1.3 Research objectives

A value chain analysis framework was utilized in conducting this research. Value chain analyses (VCAs) in tourism are generally comprised of three components: VC mapping, quantifying VC linkages, and exploring barriers to VC participation (ODI, 2009). However, due to problems in data collection only two of these components (value chain mapping, and exploring barriers) were done in this research. The primary concerns were to understand the barriers that MSEs on small island destinations face as they try to connect to the global tourism VC, and the pathways and strategies that they utilize in their quest to participate in tourism VCs. A running sub-theme involves the power structures and governance mechanisms that mediate MSE participation. The objectives of this research are to:

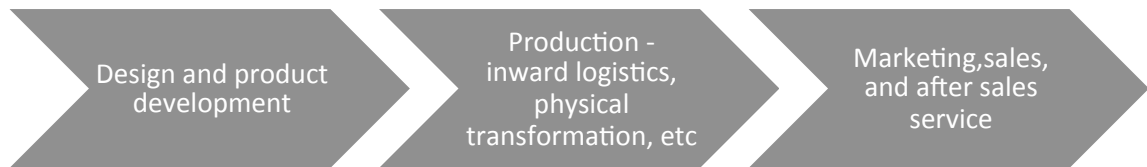
1. Identify the governance mechanisms that mediate tourism value chains.
2. Identify and explore the barriers that limit MSE participation in global tourism value chains, from the perspective of large businesses and MSEs.
3. Identify and explore the pathways for MSE participation in global tourism value chains, from the perspective of large businesses and MSEs.

1.4 Value chain framework

A value chain can be defined as a description or summary of all activities and/or processes involved in creating a product and bringing it to the final user (Kaplinsky and Morris, 2000). This may involve a number of processes or links, including product design, marketing,

physical transformation, logistics, service support, and customer service. Figure 1.1 provides a conceptual diagram of a value chain.

Figure 1.1. Diagram of value chain



Adapted from Kaplinsky and Morris (2000)

In its most basic form a VC consists of three main links, design and product development, production, and marketing. These links represent major VC functions and are the points within the chain at which value is created. Although the figure is depicted as a linear and unidirectional flow diagram, in reality, VCs are much more complex, with numerous additional links and with influence sometimes flowing in multiple directions.

In recent years, VCA has emerged as a tool to study issues related to systemic competitiveness within industries, understanding routes for entering markets, exploring distribution of benefits, and understanding power dynamics within VCs (Gereffi, 1999; Womack and Jones, 1996; Yilmaz and Bititci, 2006). VCA has also been widely used in international development contexts where it has been applied in analyzing agricultural commodity chains. In this context it has helped to identify institutional adaptations that could lower entry barriers to global commodity chains and to inform upgrading pathways (Fitter and Kaplinsky, 2001; Gibbon, 2001).

The concept of value and value creation within a business context has been addressed in the literature, spanning strategic management and economics. Porter (1985) posited that the

inherent value of a good is reflected in the price that a buyer is willing to pay in order to own that good. As such, businesses hinge their viability on creating and retaining value in their products and the price they command in the market (Amit and Zott, 2001). Porter (1985) put forward the idea that value is created at different stages of the production process through differentiation in products and processes such that consumers derive benefits either through lower prices or superior goods. Four sources of product or process differentiation have been identified: innovation, firm specific resources, business networks, and low transaction costs.

Schumpeter (1934) put forward the idea of innovation and technological change as a dynamic process that introduced new goods, developed new production processes, created new markets, identified new sources of supplies, and had the potential to reorganize an industry. Teece (1987) highlighted the role of protecting intellectual property rights in retaining the value created by Schumpeterian innovation.

In addition to value creation driven by innovation, strategic management literature recognizes the ability of businesses to marshal unique assets in such a way as to differentiate products and processes from the competition (Amit and Schoemaker, 1993). These firm-specific assets may include their ownership or right of use to key natural resources but may also include core competencies and technological capabilities. Firms are able to create and sustain value if the key assets/or resources and core competencies they possess are in limited supply within a given market.

The creation of strategic alliances between businesses has also been identified as an effective means of creating value for a given firm. Strategic alliances enable businesses to access capabilities, information, markets, capital, and complementary products, and share risks

(Baum et al., 2000). These new capabilities allow a given business to create external economies of scale, scope, and learning and as such sustain value for its customers.

Finally, institutional economics identifies the efficiency of transactions as an important source of value. Williamson (1989) posited that value can be created by reducing transaction uncertainty, complexity, and information asymmetry. Subsequent research has revealed that firms that seek to lower transaction costs enjoy greater efficiency, and as such are able to capture greater value from customers (Clemons and Row, 1992).

Value creation, therefore, is as much a function of a business entity's level of innovation and unique resources as the effectiveness of the strategic relationships and businesses networks in which it operates, and the ease of conducting transactions. As production systems evolved from single operations towards greater interdependency between operations the need emerged not just to have efficiencies in an individual plant, but also to increase coordination between plants in order to achieve system-wide efficiency (Kaplinsky, 1994; Womack and Jones, 1996). The systems perspective inherent to VCA is particularly well adapted to tourism, since different individuals and entities in dispersed locations generally produce the products and services provided in tourism. Hence, VCA has been used to identify opportunities for improving operational efficiency between different links of the tourism VC (Yilmaz and Bititci, 2006).

The use of VCA in tourism research has been focused on assessing the impacts of tourism on poverty in developing countries. In this regard, VCAs have helped to identify areas where "the poor" can participate, primarily through employment creation in the tourism and hospitality sectors. Examples of this published research (IFC, 2006; Mitchell, et al., 2009;

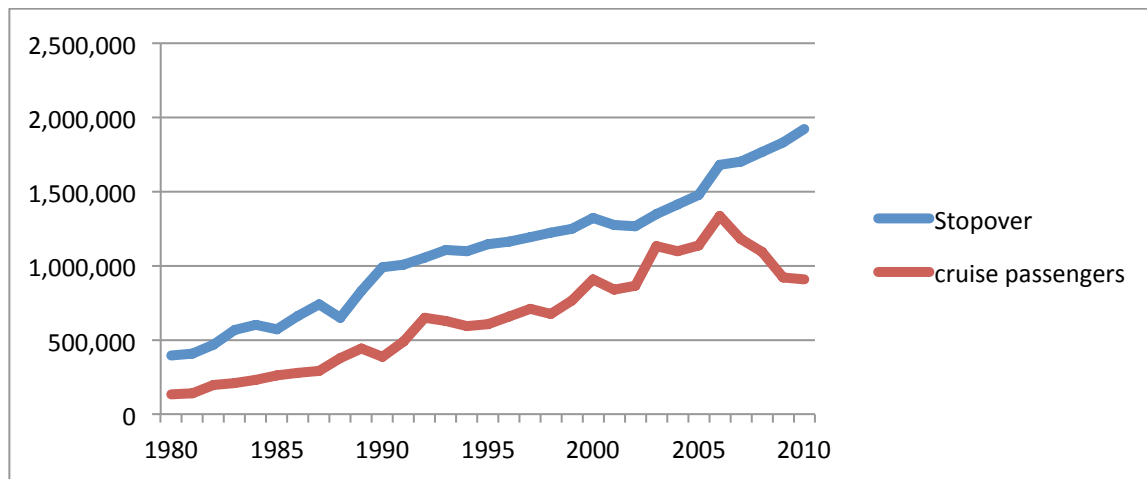
Mitchell and Phuc 2007; SNV, 2007; Steck et al., 2010) were important in providing a focused set of lenses through which to view tourism impacts on poverty, and generated a better understanding of pro-poor tourism benefits. However, past VCAs in tourism failed to examine the dynamics of the total VC and the influence of power and control that mediate how the poor are able to participate (Ashley and Mitchell, 2008). The dissertation addressed this deficiency by exploring relationship dynamics across different points of the VC. This was achieved by including VC governance as an important line of inquiry. In addition, it explored the challenges and prospects for upgrading MSE participation to chain activities that create higher value.

1.5 Importance of tourism in Jamaica

Of the ten most tourism dependent economies in the world, seven are located within the Caribbean region. The World Travel and Tourism Council (WTTC) reported that in 2010, tourism contributed 14.6% to the economies of the Caribbean and accounted for 12.6% of total employment throughout the region (WTTC, 2011).

The first formal roots to the tourism industry in Jamaica can be traced to the Hotel Law of 1891 (JTB, 2011b). The modern era of tourism in Jamaica began with the establishment of the Jamaica Tourist Board in 1955 (Taylor, 1993). Figure 1.2 shows growth in tourist arrivals over time. Between 1980 and 2010, annual stopover arrivals increased from 385,340 tourists to 1,921,678 (JTB, 2011c). Likewise, during the same period, annual cruise ship tourist arrivals increased from 133,423 in 1980 to 909,619 in 2010.

Figure 1.2. Annual tourist arrivals in Jamaica



Source: JTB, 2011

The primary source markets for Jamaica have been the United States of America, Europe, and Canada accounting for 66%, 15%, and 13%, respectively, for stopover arrivals for the period 2006 to 2010 (JTB, 2011c). As a result the tourism industry emerged as one of the leading contributors to the economy, accounting for 7.1% of gross domestic product (GDP) or 83.7 million Jamaican dollars (JMD) in 2010 (STATIN, 2011b). This compares with the mining and quarrying, retail trade, and agricultural sectors that contribute 16.9%, 7.7%, and 6.1% to GDP, respectively. The industry is also a leading employer³ of labor, accounting for over 7% of the national labor force in 2009 (PIOJ 2010). This compares with the mining and quarrying, retail trade, and agricultural sectors that employ 15.6%, 14.7%, and 2.9% of the employed labor force, respectively.

Increasing reliance on this industry is evidenced by an objective stated in the Tourism Master Plan for Jamaica projecting that the industry would have increased its contribution to

³ The percentage reported here reflects only the hospitality and restaurant sectors. Therefore in reality contribution of tourism to GDP and employment is higher.

GDP from 8% in 2000 to 15% in 2010 (Commonwealth Secretariat, 2002). This was to be achieved by placing Jamaica's tourism on a path towards sustainable tourism development, while focusing on growing the size of the industry by strengthening market position, enhancing visitor experience, incorporating community-based development, increasing economic benefits to a wider range of stakeholders, and preserving the environment upon which the industry is largely based (Commonwealth Secretariat, 2002). It should be noted that the percentage contribution to GDP did not meet the targets for 2010, and was actually below the percentage contribution to GDP for the year 2000.

Like most tropical destinations Jamaica's tourism product revolve around the accommodation, transportation, attractions and tours, dining and entertainment, and retail sub-sectors. In addition over time a number of public and private institutions have developed to support tourism on the island.

The stock of available accommodations includes all-inclusive resorts, European plan hotels, guesthouses, villas, and apartments. Table 1.1 provides a summary of the types of accommodations that were available on the island in 2010. The JTB classifies hotels in intervals based on the number of rooms. However, throughout this research stakeholders at all levels made reference to two main types of hotels; All-inclusive Hotels (AI) and European Plan Hotels (EP). AI resorts are generally large hotels that offer a full-service package that includes all meals, entertainment, and sightseeing, among other amenities. EP hotels, on the other hand, offer accommodation and breakfast as their core services. All additional services that are provided involve an extra service charge. Guesthouses are freestanding individual cottages with less than ten rooms in which limited services are provided by a resident host. Villas are

luxury cottages ranging from one to eight bedrooms that are rented to vacationers. Generally, villas provide facilities such as a pool and carry a fulltime staff. Apartments are self-contained studios to three bedroom units built within a complex in which shared pool facilities and other amenities are provided. While some apartments offer limited housekeeping services, this is optional for each guest.

Table 1.1. Summary of accommodation types in Jamaica in 2010

Category of accommodation	Number of units	Percentage	Number of rooms	Percentage
Hotels less than 50 rooms	86	4.2	2,252	7.9
Hotels between 51-100 rooms	35	1.7	2,495	8.8
Hotels between 101-200 rooms	12	0.6	1799	6.3
Hotels with more than 200 rooms	36	1.8	14,277	50.3
Guest houses	426	21	3,152	11.1
Villas	1,144	56.4	3,781	13.3
Apartments	289	14.2	618	2.2
Total	2,028		28,374	

Source (JTB, 2011a)

The transportation sector is mainly comprised of independent bus owners, most of who are members of transportation cooperatives or associations. The three most well organized transport associations are the Jamaica Union of Travelers Association (JUTA), Jamaica Cooperative Automobile and Limousine (JCAL), and Maxi Tours. In addition, ground transportation fleets are also owned and operated by tour companies, and rental car operators.

Within the attraction sector, Jamaica has a number of natural and man-made assets that provide activities to tourists. These include beaches, river falls, scenic gardens, heritage sites, golf courses, zip-lining attractions and others. There are also dining and entertainment opportunities. The local tourism product also features shopping opportunities within each resort town, including duty-free stores that sell jewelry, alcohol, clothing, and other luxury

items, various craft markets that offer local and imported craft items, and local food and fruits markets.

The various business sectors mentioned above are supported and served by the Ministry of Tourism and its agencies, agencies of other ministries, and a number of private business associations. These public agencies include the Jamaica Tourist Board (JTB), Tourism Product Development Company (TPDCo), Tourism Enhancement Fund (TEF), Jamaica Promotions Limited (JAMPRO), National Environment and Planning Agency (NEPA), Jamaica Fire Brigade, Jamaica Constabulary Force, Public Health Department, and various municipal authorities. Private businesses associations include Jamaica Hotel and Tourism Association (JHTA), Jamaica Association of Villas and Apartments (JAVA), Jamaica Association of Attractions Limited (JAAL), and the Craft Traders Council.

1.6 Contribution of research to tourism literature

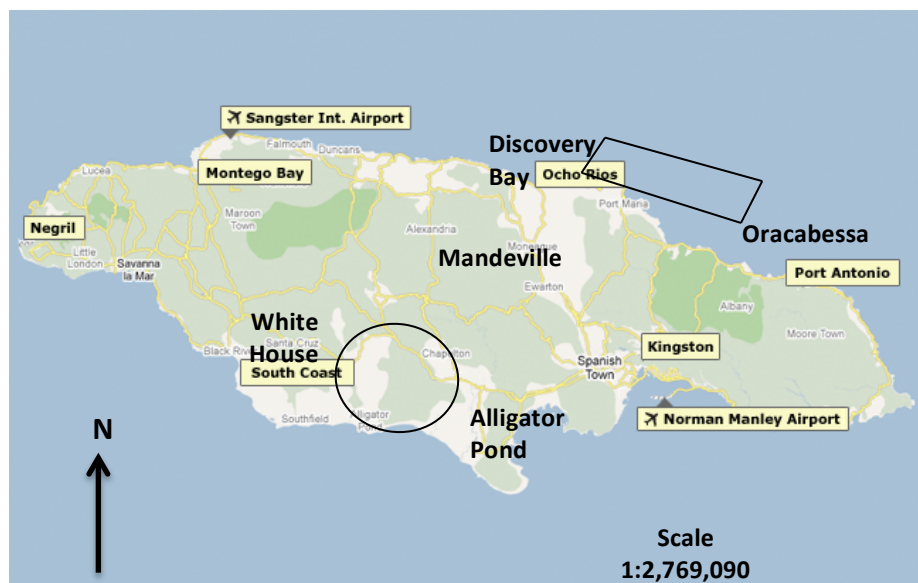
The VCA framework has been used in the past to examine the pro-poor impacts of tourism in developing countries. Its use to explore barriers and pathways to MSE participation represents a distinctive research approach and new contribution to the tourism literature. The focus on VC governance and power dynamics among participants in various links of the VC offers a fresh perspective on the impact of tourism on local economies. The methods employed in the VC mapping drew on literature from social network analysis (SNA) and cognitive psychology and could potentially provide a sound technique for generating VC maps. Furthermore, previous tourism studies that examined MSE participation traditionally focused on barriers only. As such much has been written with inadequate attention to how they actually operate or survive. This work examined both barriers and pathways to MSE

participation and actively incorporated the perspectives of a broad range of stakeholders. This feature combined with the VCA approach provides a holistic view of the research problem. The findings can therefore help to shape tourism policies and program design in an effort to increase the participation of MSEs in the global tourism VC.

1.7 Description of research sites

This research was conducted in two destinations on Jamaica's north and south coasts. These sites were chosen as they provided two distinctive types of tourism development reflecting varying intensities of development. Figure 1.3 shows the location of the research sites.

Figure 1.3. Location of the research sites



Source: <http://visitjamaica.com/>

On the north coast, the site is contained within the parish of St. Ann. It is located along a narrow coastal plain, and runs from Discovery Bay to Oracabessa. The 2011 population census showed that the population living within the research site grew from 38,798 in 2001 to

42,328 in 2011 (STATIN, 2011a). This population growth of 9% is significantly higher than the 3% population growth over the same period for the wider parish, and may be reflective of internal migration to satisfy job needs in the tourism sector. The main job opportunities in this site are directly related to tourism, such as hotel workers, tour guides, and taxi drivers. The commercial centers of Ocho Rios and St. Ann's Bay (also the political capital of the parish) are contained within the site. The tourism sector in this site has consistently hosted over 25% of stay-over visitors to Jamaica for the last ten years, and is considered to be among the more advanced destinations (JTB, 2011b). It exhibits an intensive pattern tourism development featuring a cruise shipping port, several large attractions, and large hotels.

On the south coast, the site is contained within the wide coastal plains in the parish of St. Elizabeth, and runs from White House to Alligator Pond. The 2011 population census showed that the population living within the research site grew from 16,038 in 2001 to 18,759 in 2011 (STATIN, 2011a). This 16% population growth is significantly higher than the 2.5% population growth over the same period for the wider parish, and may also be reflective of the importance of tourism in reducing rural urban migration or attracting new residents. Although tourism has been of increasing importance, small farmer agriculture is the most significant economic activity. The site intersects with a wider agro-ecological zone that produces the largest proportion of vegetables, condiments, and fruits in the country. The urban centers of Junction, Southfield, and Black River (also the political capital of the parish) are located in the research site. This region has experienced growth in visitor arrivals over the last five years and accounted for 6.2% of stay-over visitors in 2010 (JTB, 2011b). Tourism on the south coast site is

less intensive and features mainly small hotels, heritage tourism sites, eco-tourism sites, and community based tourism experiences.

These sites were chosen as they reflected two distinct patterns of tourism representing large scale and intense tourism development in the case of the north coast site, and small scale less intense tourism development on the south coast site. Examples of these kinds of tourism development can be found in other parts of Jamaica and throughout the Caribbean. These sites provided diverse contexts in which to understand MSE participation in global tourism VCs. The findings from this research may also be relevant to other tourism destinations in Jamaica and other parts of the Caribbean.

1.8 Organization of dissertation

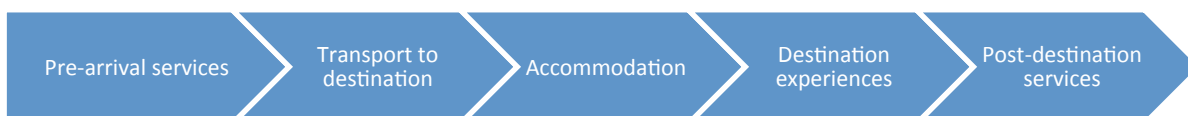
This dissertation is organized around five chapters. Chapter Two provides a comprehensive review of the relevant literature related to MSE participation in tourism VCs. It includes a general review of the VC and VCA literature, their application in tourism, and an overview of challenges facing MSEs and their place in the global tourism VC. In Chapter Three, an overview and description of the mapping approach that was used is provided. This is followed by detailed descriptions of the qualitative data collection and analysis methods that were used. In Chapter Four, results of the research are presented and discussed. In Chapter Five a summary of the results is provided along with important policy implications. It also highlights the contribution of the research to scholarship and outlines an agenda for future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Value chain analysis and its application in tourism

A value chain can be defined as a description or summary of all activities and/or processes involved in creating a product and bringing it to its final user (Kaplinsky and Morris, 2000). Porter (1985) popularized the concept by describing a value system as being comprised of intra-linked functions such as product design, marketing, physical transformation, logistics, service support, and customer services. Traditional VCs involving products from manufacturing or agriculture can be easily visualized since they go through a physical transformation process. However, in tourism VCs, the consumers or tourists are transferred to the site of production and consume a range of tourism goods as part of an experiential product. As such VCs in tourism are not so easily observed. Figure 2.1 provides a diagram of a simplified example of a tourism VC.

Figure 2.1. Example of a tourism value chain



A typical tourism VC includes pre-arrival services, transportation to and from destination, accommodation, destination experiences, auxiliary services, and post-departure services. Within the context of increased globalization, the emergence of global VCs is seen as part of a new wave of innovation in productivity. As a consequence, VCA as a research approach was developed in order to better identify the stakeholders along a range of functions and to organize ideas around key processes and participants within the chain as well as to understand the flow of benefits (Mitchell and Faal, 2008). VCAs are traditionally conducted for

three primary reasons: (i) assessing systemic competencies across businesses within a VC, (ii) evaluating the efficiency of individual businesses as a precursor to their insertion in global VCs, and (iii) understanding the dynamic factors that affect VC participation and performance (Kaplinsky and Morris, 2000). The early use of VCAs in tourism focused on the first two reasons, which resulted in studies that sought to evaluate quality assurance across businesses within a given tourism destination and to assess the impact of tourism on poor populations in developing countries.

The use of VCA in tourism has been focused more on assessing the impacts of tourism on poor populations in developing countries (Mitchell et al., 2009; IFC, 2006; SNV, 2007; Steck et al., 2010, Thomas 2014). This is related to the second purpose for conducting VCAs as listed above. It assumes that participation in the VC is a signal of an ability to attain the efficiency standards required for VC participation. In this regard, VCAs have been used to identify areas where the poor participate and quantify the value they add to the tourism VC. For example, VCAs of packaged tourism in Mount Kilimanjaro and the Northern Safari circuit in Tanzania found that 28% and 18% of revenues in these destinations accrued to the poor (Mitchell et al., 2009). This study recommended the need to strengthen the local tour guide associations as a precursor to gaining a greater share of the tourism VC. A similar study of tourism VCs in Zanzibar revealed that approximately 10% of VC revenues were accrued to poor households (Steck et al., 2010). It was found that pro-poor impacts in various sectors varied widely; 27% in retail, 47% in restaurants, 18% in tours and excursions, and 7.3% in hotels. The study found that although pro-poor impacts among MSEs were relatively higher, there was a low rate of ownership among indigenous residents of Zanzibar. In addition, many of the MSEs operated in

the informal economy and faced the threat of becoming unviable due to increasing costs such as new capital requirements and licensing fees. This research recommended policy options of providing business development skills for indigenous Zanzibarans, providing micro credit to local MSEs, and creating an enabling environment for establishing MSEs. Thomas (2014) estimated the impact of tourism on income in Mali in order to measure the pro-poor impacts and found that while more than 60% of tourism workers earned at least two dollars per day, concluded that this level of income did not allow families to live above the poverty line.

The studies cited above were important in showing the impact of tourism on poverty, and helped to generate a better understanding of pro-poor tourism benefits. They pointed to the need to diversify offerings in destinations to include heritage tourism, as well as for targeted investments in poor communities. However, most past VCAs in tourism failed to examine the dynamics of the total VC and the influence of power and control that mediates how the poor are able to participate (Ashley and Mitchell, 2008). As such, they did not address whether or not tourism is able to lift poor populations from poverty by providing sustained income growth and/or independent business opportunities to poor populations.

The issue of power and control within VCs is very critical to VCA, as it focuses not only on who participates, but also on how they are able to participate. The term governance has been used to describe the power relationships within VCs, and is concerned with how businesses and institutions interact in order to ensure the compliance of VC participants with established standards and expectations. In addition, governance within VCs determines the specific functions or links in which VC participants operate, and the earnings that accrue to various functions. Past tourism VCAs that addressed the issue of governance (Barham et al.,

2007; Clancy, 1998; Tejada et al., 2011) focused primarily on governance within the accommodation, airlines and tour operator segments of the chain. This perspective is incomplete since tourism VCs has other links that may very well be affected by the governance mechanisms in the accommodation and air transport sectors. This research will attempt to address this gap in the literature by focusing on VC governance as it affects the total chain, including MSEs. A better understanding of VC governance is of critical importance to tourism policy makers as well as local practitioners as the type of governance that exists has implications for how well local firms and businesses can connect to the global VC as well as their prospects for upgrading participation within the VC.

2.2 Governance and upgrading in tourism value chains

Value chain governance refers to the manner in which VC participants including businesses, NGOs, and government, coordinate their actions and strategies to arrive at a pre-determined set of outcomes (Kaplinsky and Morris, 2000). It is concerned with directing the behaviors of participants in different links of the chain in order to shape actions and strategies that will result in attaining a given standard or outcome and is achieved through inter-firm relationships and mechanisms that are employed to coordinate activities among business entities (Humphrey and Schmitz, 2002). The need for governance in global VCs flows from a gap between the needs of the final consumer and the capabilities of local firms to adequately meet these needs (Humphrey and Schmitz, 2000). It has been noted that global trade is facilitated largely through governance systems that link firms together through different types of relationships (Dembinski, 2009; Kaplinsky, 1993; Sturgeon, 2001). Governance may result in the establishment of parameters related to production, consequences for behavior across the

VC, the allocation of resources to different chain participants, and the distribution of benefits (Bolwig et al., 2010). Governance includes, but is not confined to, coordinating specific activities and ensuring consequences for action. While different business entities in the VC may carry out coordinating functions, governance is affected by entities that have the power to affect chain wide behavior and ensure compliance with established rules and/or standards.

VC governance can be classified into three categories: legislative, judiciary, and executive. Put differently, VC governance involves (1) establishing the rules for participating in the VC i.e., legislative governance, (2) assessing the established rules and standards i.e., judicial governance, and (3) actively providing assistance to VC participants to attain compliance with established standards i.e., executive governance (Kaplinsky and Morris, 2000).

Key to chain governance is the ability of lead firms to strongly influence the allocation of resources between VC links, and to appropriate rent earning opportunities to different points of the chain. However, the ability of chain governors to apply sanctions and generate compliance is dependent upon how legitimately they are viewed by the governed and the level of trust that exists (Sako, 1992). Low levels of trust may result in the formation of short-term relationships that are easily broken. Higher levels of trust, where the chain governor is viewed as a legitimate and supportive partner, lead to longer relationships (Sako, 1992). Additionally, VC governors have varying ability to affect compliance at different points of the VC (Evans and Wurster, 2000). For example, some rules may affect only VC participants that are central to the VC, whereas others may be more pervasive and affect participants who may be more peripheral.

Although all elements of VC governance could potentially reside in one entity, in most instances legislative, judicial, and executive governance are shared between key private sector

interests that are internal to the VC and governmental as well as non-governmental organizations (NGOs) that may play important industry supporting roles (Humphrey and Schmitz, 2002). This is consistent with the idea that some VCs have multiple points from which governance is exercised, sometimes with conflicting and uncoordinated objectives (Bolwig et al., 2010). Additionally, some chains may simultaneously embody features of different types of VC governance at different points of the chain.

The literature on VC governance had its origins in the manufacturing industry and progressed through two waves; first led by Gereffi (1994), and then Sturgeon and Lee (2001), and Gereffi et al. (2005). Gereffi (1994) proposed a classification of VC governance that made a distinction between buyer-driven and producer-driven governance in global VCs. Buyer-driven chains are usually labor-intensive industries, e.g., garment construction firms in export processing zones in developing countries producing for buyers/retailers in developed countries. Governance originated from these large buyers and brand holders who added value primarily on the marketing and distribution end of the VC. On the other hand, producer-driven chains generally involve large manufacturing firms coordinating production with other producers, e.g., the automotive industry. The lead firms in producer-driven chains are generally the brand holders that have access to some natural resource or technology that is central to producing the good.

Fundamental differences were observed in the conduct of firms that exhibited these two types of VC governance. Whereas the buyer-driven VC may exercise governance more through establishing standards and enforcing these standards through contracts and with sanctions, i.e., through legislative and judicial governance, producer driven chains took greater

responsibility in assisting their suppliers to meet standards through training and technical assistance, i.e. through executive governance (Kaplinsky and Morris, 2000). During this early period in the governance literature there was consensus of an increasing trend away from producer-driven to buyer-driven chains (Kaplinsky and Morris, 2000).

Subsequent research drew attention to a more nuanced understanding of a continuum of governance mechanisms. Research in the electronics industry revealed that governance was dependent on the levels of complexity of information exchanged between firms as well as the degree of asset specificity in production (Sturgeon, 2001; Sturgeon and Lee, 2001). Building on the work of Sturgeon and Lee (2001), Gereffi et al. (2005) proposed a more comprehensive typology of governance that reflected a continuum of governance structures within global VCs. Five forms of VC governance from limited levels of centralized control to being highly controlled were proposed. These included markets, modular VCs, relational VCs, captive VCs, and hierarchical VCs.

Market-based governance is exercised primarily through well functioning markets. It corresponds closely to the classic definition of market economies, in which there are many buyers and sellers, information related to price and the good is readily available, and the cost for switching suppliers or other partners is low. Modular governance is characterized by firms that have the ability to produce goods to given specifications, and possess the competencies and technologies necessary to meet the specialized need of customers. Chain leaders therefore have a motive to develop lasting relationships with these suppliers and to build capacity to meet their specific needs. As customized products become more standardized in a given sector the governance mechanism reverts to become market driven.

Relational VCs embody a complex set of interactions between buyers and suppliers that create mutual dependence due to higher levels of asset specificity, access to markets, and the ownership of indigenous and or unique knowledge systems. Captive VCs are less complex networks in which small suppliers are dependent on large buyers for market access, and technical assistance. Small suppliers in this governance mechanism are also subject to monitoring and control by larger firms. Hierarchical governance involves vertically integrated firms in which managerial decisions flow from a corporate headquarters to subsidiary firms and affiliates.

Gereffi et al. (2005) also sought to explain the circumstances that would lead to the emergence of a given set of form of governance. Based on observation of governance mechanisms on the electronics manufacturing industry the three determinants of governance mechanisms were: the complexity of transactions, the ease with which production processes can be codified and transferred, and the capabilities of suppliers. Table 2.1 provides a summary of the conditions leading to different forms of VC governance.

Table 2.1. Determinants of value chain governance

Governance Type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply base	Degree of explicit coordination and power asymmetry
Market	Low	High	High	<div> Low ↑ ↓ High </div>
Modular	High	High	High	
Relational/networks	High	Low	High	
Captive/quasi-hierarchical	High	High	Low	
Hierarchy	High	Low	Low	

Adapted from Gereffi et al. (2005)

Market governance occurs when transactions can be easily codified, product specifications are clear, and the producer has the ability to produce with limited involvement of the buyer. As such governance can be achieved with limited explicit coordination. However, when there are more complex products, if it is possible to document product standards, and producers are able to meet the established technical standards, then a modular governance structure emerges. In cases where complex product specifications cannot be codified and the capabilities of producers are high, relational governance emerges. This allows for the exchange of tacit knowledge between buyers and sellers that leads to mutual dependence and a sharing of power. There is also a high cost of switching to other suppliers/buyers resulting in a high level of loyalty between partners. In situations where the ability to codify complex transactions is high and supplier capabilities are low the governance type will tend towards captive governance. This requires a high level of intervention from lead firms resulting in a transactional dependence on the large firm. Captive firms face high switching costs, are often limited to a narrow range of VC functions, and are dependent on the lead firms for complementary activities such as design, marketing and branding. In situations where transactions cannot be easily codified and adequate suppliers cannot be identified, lead firms may choose to produce the product in-house through vertically integrating VC functions. This mechanism brings the advantage of keeping tacit knowledge within a given company and maintaining control of key resources such as intellectual property.

From the descriptions provided above, it can be seen that captive and hierarchical global chains are subjected to the influence of lead firms and are characterized by high degrees of explicit control and of power asymmetry. Within relational VCs, although there is explicit

coordination, it is facilitated more through dialogue between partners. Within modular VCs and markets, there is less power asymmetry as suppliers have well developed capacities and access to technologies and may be relating to a wider base of customers.

The issue of governance in tourism VCs has received limited attention in tourism literature (Barham et al., 2007; Clancy, 1998; Tejada et al., 2011; Adiyia et al, 2015). Informed by Gereffi's (1994) typology of governance, Clancy (1998) concluded that the governance of tourism within the hotel and airlines sector was captive and conformed more to the buyer driven governance mechanism. Barham et al. (2007), informed by the revised governance typology of Gereffi et al.(2005), identified relational governance mechanisms influencing tourism in Jordan. Similarly, Tejada et al.(2011), laid out a continuum of governance mechanisms, ranging from markets, modular VCs, relational VCs, captive VCs, and tourism hierarchies. Adiyia et al.(2015) noted that the creation of local linkages are impacted by the spatial layout of a destination in what has been termed the "tourism bubble," thereby creating dependencies on empowered stakeholders to create and sustain these linkages. This may be reflective of how the captive governance type plays out in the destination.

Central to this research is the relationship between VC governance and prospects for VC participation and upgrades by MSEs. Upgrading occurs when businesses innovate and or adopt new technologies in order to increase their share of value creation within the VC (Humphrey and Schmitz, 2002). There is indication that local firms are motivated to upgrade within the VCs and are able to accomplish this through ongoing interaction with global buyers (Humphrey and Schmitz, 2002). However, the potentials for upgrading can be adversely affected by the presence of power asymmetries (Ozatagan, 2011).

Studies of manufacturing VCs have shown four types of upgrading strategies. These include: (1) process upgrades, involving reorganizing production processes in order to attain greater efficiency, (2) product upgrades, involving a change to a more profitable line of products or improvement in product quality, (3) functional upgrades, involving shifts to different functions within the VC, and (4) inter-sectoral upgrades, moving to an entirely different VC (Humphrey and Schmitz, 2002). It has been shown that manufacturing firms in newly industrialized economies have upgraded their VC participation by progressing through product, process, functional, and inter-sectoral upgrades (Gereffi, 1999).

Within the context of garment manufacturing, Gereffi (1999) concluded that local producers who gained access to global VCs have an opportunity to upgrade their product and production processes as well as enter into design and marketing functions. On one hand, local producers learn from global buyers and as such improve product quality, streamline production processes, and improve response times. This kind of upgrading often requires active engagement and investment from global buyers to build the production capabilities of local firms (Humphrey and Schmitz, 2000). This may result in reluctance by larger firms to relinquish their procurement to other firms as they have invested in the new capabilities of local firms. On the other hand, local producers often face obstacles to functional upgrades, such as marketing and product design, as they may encroach on the core competencies of global buyers (Schmitz and Knorringa, 2000). It therefore appears that the prospects for upgrading can be both impeded and enhanced by participation within the global VCs.

It has been found that in captive governance structures new waves of global buyers constantly seek out newer and cheaper sources of supply. This forces local VC participants to

focus on product and process upgrades in order to remain competitive (Humphrey and Schmitz, 2000). This leads to what has been called eviscerating growth, in which a larger volume of sales is not necessarily accompanied by an increase in revenue. There is evidence that within captive governance mechanisms the prospects for upgrading participation focuses more on product and process upgrades with limited opportunities for functional upgrades.

Humphrey and Schmitz (2000) concluded that market-based governance within global VCs will exist only among firms within developed countries. The conditions for market governance are generally not present in a developing country setting and as such alternative forms of VC governance is established. Producers in developing countries are generally not privy to market intelligence and are therefore unaware of required product standards. Furthermore, developing country firms may be at a different point in the product development cycle, and may lack the technical knowledge and skills required to produce effectively. The emergence of various forms of governance mechanisms in developing countries is an attempt to reduce the knowledge, skills, and technologies deficit of local firms.

Humphrey and Schmitz (2000) advocated that businesses in captive governance VCs in developing countries that desire functional upgrades should do so by exploring completely different VCs. However, to do so brings the risk of not being able to meet increasingly stringent product standards, while potentially losing the facilitation of global partner firms in the developed markets. This is a situation in which collective action by local players facilitated through business associations and public private initiatives can help to close the information gap.

There is indication in the literature that VCs characterized by relational governance have the greatest potential for upgrading due to the respectful reciprocal relationships between partners (Gereffi et al., 2005). However, there is also agreement that these network relationships are not developed easily within developing countries due primarily to knowledge differentials, and a deficit of trust between potential partners. In addition, the formation of network governance is generally preceded by a business investment in upgrading activities as an indicator of an ability to contribute actively to different VC functions (Gereffi et al., 2005).

Gereffi (1999) pointed out that the potential and capabilities of local resources tend to be ignored in the upgrading strategies of global VCs. Humphrey and Schmitz (2000) proposed the establishment of local production clusters with a greater emphasis on joint action, improved organization within local business clusters, and risk/reward sharing as a route for stimulating upgrading of local firms within global VCs. This involves creating new competitive advantages at the local level by creating new synergies among local partners as part of a wider global VC (Humphrey, and Schmitz, 2000).

Upgrading within local clusters requires specific and deliberate investment in people, organizational arrangements, and new information (Bell and Albu, 1999). This kind of investment creates knowledge among VC participants that can lead to new outcomes, versus the use of knowledge generated by traditional VC leaders that tend to delegate less profitable VC functions. A critical component of this knowledge changing investment by local clusters involves conducting market intelligence and establishing market channels (Humphrey and Schmitz, 2000).

While recognizing that this kind of collective action is difficult to carry out due in part to the large number of business entities in a local cluster and the difficulty of appropriating derived benefits, Bell and Albu (1999) posited that a transparent and purposeful process that strengthens local institutions, such as business associations and technology centers can provide a focal point for collective action in accessing markets. Alternatively, investments can be anchored through local lead firms in a hub and spoke relationship with smaller firms to generate investments in research and development and market access (Humphrey and Schmitz, 2000).

Although the governance mechanism in a particular VC is an important factor influencing upgrading prospects, two other important determinants, strategic intent and policy environment, are worthy of note (Humphrey and Schmitz, 2000). Evidence from newly industrialized economies showed a progressive wave of functional upgrades from original equipment manufacturing (OEM), to original design manufacturing (ODM), to original brand manufacturing (OBM). This is evidence of a clear strategic intent of firms to move in a particular direction. However, a business friendly system of incentives and an enabling macro-economic environment provided the context in which this functional upgrading could take place.

The relationship between governance and upgrading opportunities for local firms and MSEs has received limited attention in tourism literature. Tejeda et al.(2011) found that businesses within the sun-lust tourism segment exhibiting captive governance faced higher constraints to upgrading compared to those in the cultural and business tourism segments. The strand of research in tourism represents a step in the right direction. However, a weakness was

its limited focus on the transport and hospitality sectors. As such the impact of governance mechanisms throughout the VC have been largely ignored.

2.3 Challenges faced by MSEs

The Organization for Economic Cooperation and Development (OECD) reports that approximately sixty to seventy percent of jobs in OECD countries are derived from small and medium sized firms (OECD, 2007). However, they also indicated that more than fifty percent of new MSEs experienced business failure within the first five years of operation. Within a developing country context these statistics can be even more severe. For example, in Kenya approximately 60% of new businesses failed within the first six months of operation (Bowen et al., 2009). Statistics shows that a high proportion of MSEs in both developed and developing economies experience failure during the first year of operation. For example, there is a 26.8% failure rate in Canada, and 60% in Jamaica and in Kenya (Bowen et al.2009; Budhan, 2009; Industry Canada, 2010).

The high level of failure experienced by MSEs is indicative of the many challenges they navigate in an effort to attain economic viability, including a lack of access to credit, high interest rates, regulatory burdens, competition, lack of working capital, poor infrastructural support, political uncertainty, high start-up costs, skill deficiency, lack of access to global markets, and high overhead costs (Bowen et al., 2009; Manyara and Jones, 2007;OECD, 2007).

In many parts of the developing world the socio-political context presents its own set of challenges to indigenous businesses (Neblett and Green, 2000). For example, in countries with a history of colonialism, domination from the metropole has shaped the economic, social, and political realities of society in unique ways (Stewart, 1994). The Caribbean region reflects this

reality by displaying classic features of a plantation society (Beckford, 1972), in which the business environment reflects a social stratification where local and foreign elites exercise economic power and effectively block the emergence of an indigenous entrepreneurial class (Beckles, 1989; Ryan, 1992). For example, a prime exclusionary tool used in Barbados was to limit access to credit to small indigenous businesses through the banking and lending philosophies of largely foreign owned banks that were not adapted to meet the needs of the poorer economic classes (Chaderton, 1993). The literature suggests that even in the presence of programs designed to stimulate local entrepreneurship, there can be limited response from the MSE sector (Barkley, 1992).

2.4 Challenges to MSEs in tourism

While the aforementioned challenges apply in general to MSEs, the tourism industry presents numerous layers of challenges that warrant additional examination. Tourism within developing country contexts has been characterized as following a core-periphery dependency development path in which local entrepreneurial development has not been encouraged or facilitated and has been largely relegated to a limited set of business activities within the destination (Britton, 1982; Culpan, 1987; Erisman, 1983; Neblett and Green, 2000). As such, there are observed expansions in tourism destinations, such as new investments in hotels and attractions, without complementary expansion in cultural products, domestic tours, and local supply chains (Jones and Ibrahim, 2007). It has been long recognized that the dominance of international firms due to their access to critical skills and competencies, established connections in source markets, and access to capital and technology have effectively undermined the development potential of indigenous tourism businesses in developing country

destinations (Ascher, 1985; Jenkins and Henry, 1982; Matthews, 1978). MSEs face barriers to participating in tourism as they often function in the informal economy and do not generally benefit from policies designed to encourage their development (Mitchell and Ashley, 2010). MSE participation in tourism is affected by the absence of formal or conducive policies to integrate MSEs in the tourism VC. As such, their involvement in tourism has been relegated to marginal activities with low income potential.

Tourism literature suggests several mechanisms that inhibit MSE participation in mainstream tourism markets. Firstly, the increasing globalization and commercialization of tourism has high entry barriers due to high start-up capital requirements, global product standards, and the inability of MSEs to network in tourist generating markets (Akama and Kieti, 2007; Kontogeorgopoulos, 1998; Rodenburg, 1980). Culpan (1987) noted that mass tourism development requires high initial investment and is hence dependent on foreign investment. This essentially limits local businesses, many of which are MSEs, to marginal activities, and confines their functioning to the informal economy (Akama and Keiti, 2007).

Neblett and Green (2000) adopted a pessimistic stance and predicted that given the increasingly globalized nature of tourism, and the dominance of transnational corporations, the role of MSEs and their viability will continue to be challenged. They point to the hospitality sector and its relative dependence on the marketing reach of international tour operators as a factor that limits the ability of small hoteliers and villas to penetrate mainstream tourism markets (Hawkins et al., 2005). Mshenga and Richardson (2013) found that older hotels with well developed supply contracts and larger hotels had a lower probability of having business linkages with MSEs.

Secondly, local production and distribution systems were not developed or adapted to meet the procurement needs of large hotels (Manyara and Jones, 2007). As such, local producers do not have the capacity to provide the quantity and quality of supplies needed on a timely and consistent basis. Torres (2003) found that in Cancun, Mexico, poor contracting arrangements between large hotels and small vegetable farmers/intermediaries led to a climate of reciprocal mistrust that effectively prevented future business participation by small farmers. This inability to supply the required quantity and quality, and the perceptions it creates, feeds a systemic bias against procuring from small producers leading to hotels developing contractual arrangements with a fewer number of large growers/suppliers of fruits and vegetables.

The inability of farmers to effectively meet the procurement needs of large hotels has been blamed on production related constraints. In the case of Cancun, a combination of dependence on rain-fed irrigation, frequency of hurricanes, competition for available labor and land, and poor soil quality were cited as reasons explaining low procurement of hotels from farmers.

Torres (2003) also found that farmers were often unable to produce on a consistent basis the type of foods that were demanded by tourists. The consumption patterns of mass tourists conform closely to the preferences they exhibit in their home country and can limit the linkages between tourism and local agriculture (Pattullo, 1996). Furthermore, some foreign sources of fruits and vegetables have become more aggressive in seeking markets with large hotels, many of which employ a centralized supply procurement system and have corporate procurement standards that MSEs within the destination cannot meet.

The literature highlights the inability of small farmers to be price competitive as a barrier to their participation in tourism VCs. The price disadvantage may be due to their inability to exploit economies of scale in production. Price coupled with the supply constraints mentioned earlier has contributed to weak linkages between large tourism enterprises, such as hotels, and farmers (Belisle, 1984; Gomes, 1993; Pattullo, 1996; Telfer and Wall, 2000; Torres, 2003). In addition, perhaps driven by economic reforms Torres (2003) found that there was a reduction in program support for agriculture including credit and technical assistance programs. As such small farmers lacked the required support to satisfy market demand where they existed.

Additionally, it has been found that cultural distance between large tourism entities and MSEs create barriers to MSE participation. Cultural distance refers to differences in the shared values, norms and behaviors between countries, societies, companies, and other groups (Beugelsdijk and Slagen, 2010). It is often associated with high transaction and coordination costs in international businesses, the mode and sequence of foreign direct investments, and the pattern of expatriate deployment in multinational corporations subsidiaries (Shenkar, 2001). Wide cultural distance between large tourism businesses and MSEs leads to poor knowledge of locally available goods and the potential use of locally available products, (Belisle, 1983; Gmelch, 2003). The literature suggests that foreign chefs and those who were trained abroad have a higher tendency to request imported food and to source these through internal centralized procurement systems, franchise chains, or wholesale suppliers (Torres, 2003). Momsen (1998) found that Caribbean hotels with local management and executive chefs demanded a greater proportion of locally produced food. It was also found that tourists limit

their consumption of locally produced food due to sanitary reasons, or fear of water borne illnesses. Likewise, 41% of chefs working in large hotels, and 71% of foreign chefs, choose to purchase frozen imported vegetables and seafood due to the perception of better quality or due to sanitary concerns. Additionally, foreign chefs expressed dissatisfaction with the diversity of local products available compared to locally trained chefs. For those reasons Torres (2003) found that foreign chefs spent 15% of their non-beverage budget on imported foods compared with 5% for local chefs. A consistent finding was also obtained in an empirical study of tourism on the eastern coasts of Kenya, where a statistically significant relationship between the nationality of hotel management and the level of procurement from MSEs was obtained (Mshenga and Richardson, 2013).

The participation of small farmers in the tourism VC is also impeded by a number of market related barriers. It has been found that farmers in St. Lucia have in the past been unwilling to supply fruits and vegetables to hotels, due to long delays in payment (CPDC, 2008). Small farmers are also price takers and are often not given a fair price by the intermediaries who purchase directly from farmers (Torres, 2003). In addition, small farmers often do not exhibit the tendency to work effectively in groups. As such they are essentially competing with each other, and do not exploit opportunities for economies of scale and scope in marketing and production. Torres (2003) also found evidence of supply monopolies preventing market penetration by smaller operators through the use of corrupt practices such as paying bribes to chefs and procurement officers. Finally, the highly informal nature of small farm operation, distrust between small farmers and hoteliers, and wide cultural distance across socio-economic

and political classes, make it difficult to create economic linkages between small farmers and large hotels.

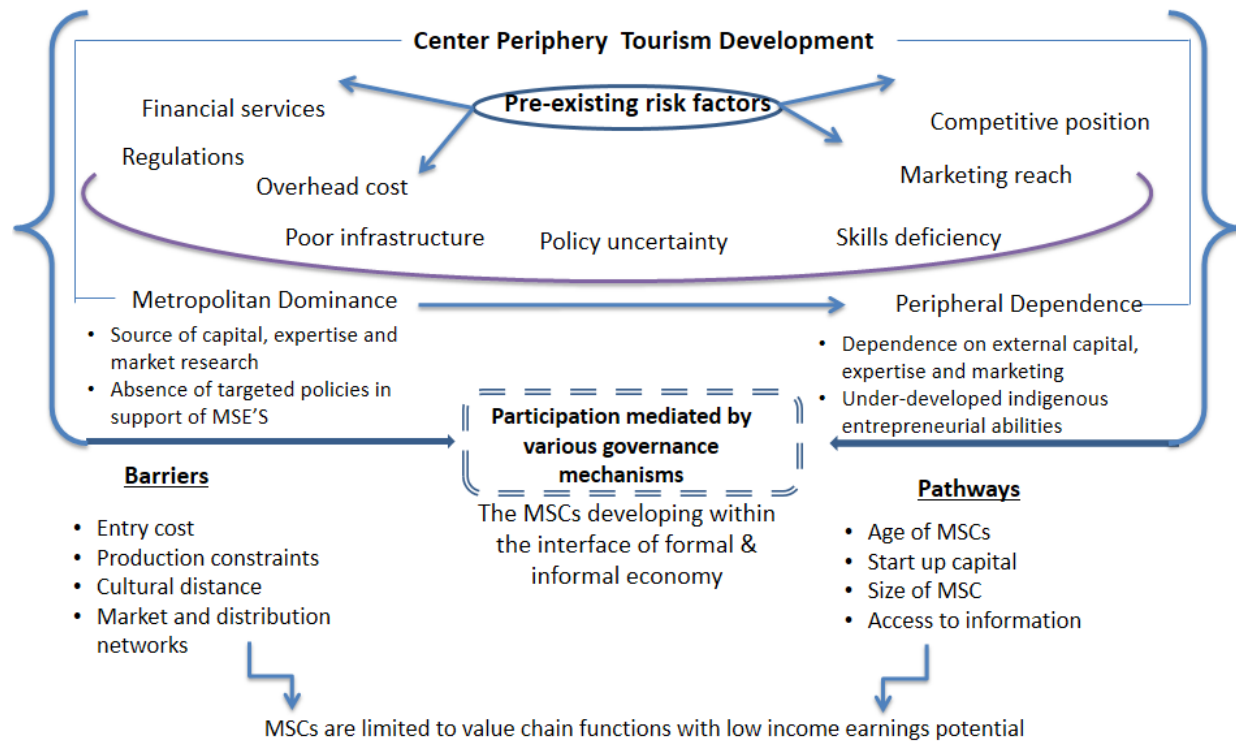
In spite of the challenges to MSE participation in global tourism VCs mentioned previously, tourism provides a very important source of revenue for many MSEs. This result was found in a study of tourism on the coastal coasts of Kenya, where tourism contributed significantly to the growth of MSEs, both in the farm and non-farm sectors (Mshenga et al, 2010). The ability of tourism to positively impact MSEs and the income of the poor was also observed in the Indian Sundarbans where it was found that households that operated tourism related businesses spent 19% and 38% more on food and non-food items respectively compared with households that did not have tourism related businesses (Guha and Ghosh, 2007).

There is a dearth of literature that speaks to the pathways to MSE participation in the global tourism VC. One exception is a study by Mshenga and Richardson (2013) which found that the age of MSEs, the number of employees, membership in business associations, the amount of start-up capital, and access to tourist arrival information were important indicators of participation. These factors were indicative of better-established contacts, experience gained through learning, size, access to human resources, the ability to establish and maintain networks, and access to market information to facilitate effective planning. The literature however does not address pathways for MSEs to establish linkages with larger tourism enterprises.

2.5 Conceptual framework

The framework presented in Figure 2.2 is derived from a synthesis of the literature presented in the previous section.

Figure 2.2. Barriers to MSE participation in tourism



MSEs in general are cast within a broader business environment that is unfavorable to their growth and development. They are subjected to several risk elements, including inadequate financial services, high overhead costs, strict regulations, inadequate infrastructure, limited marketing reach, competitive markets, and skills deficiencies that limit their ability to grow and attain viability (Bowen et al, 2009; Manyara and Jones, 2007; OECD, 2007). Within this broader business environment, MSEs in tourism within developing countries are situated in a global geo-political space that is characterized by the center-periphery pattern of development (Beckles, 1989; Ryan, 1992). In this context, the development of the destination

is based largely on capital, expertise, and marketing reach that originates in metropolitan countries, such as European countries and the USA. In addition, there were limited policy initiatives to foster the development of local entrepreneurs, or to invest in indigenous resources such as cultural assets (Neblett and Green, 2000). This development pattern along with various VC governance mechanisms effectively acts as a filter that relegates MSEs to the margins of mainstream tourism VCs, in which MSEs interface between the informal and informal economy.

As a consequence of pre-existing risk factors and the geo-political context in which much tourism in developing countries is situated, four broad categories of barriers to MSEs participation in tourism VCs emerge. These include high entry barriers, production constraints, cultural distance, and deficient market and distribution systems (Akama and Kieti, 2007; Belisle, 1983; CPDC, 2008; Gmelch, 2003; Manyara and Jones, 2007; Mshenga et al, 2010; Torres, 2003). The high entry barriers are associated with globalized product standards that are developed and implemented by large tourism business. These standards often serve as a pre-condition to access tourism markets and result in increasing start-up costs that are beyond the reach of many MSEs. In the absence of policies to support the emergence and growth of MSEs, there is a persistent low production capacity among domestic producers, including MSEs, of inputs to the tourism industry. These constraints are associated with poor physical and institutional infrastructure, climatic patterns and weather systems, and high production costs. The barrier associated with cultural distance is related both to the pattern of ownership of tourism assets as well as the profile of tourists within a destination. Cultural barriers result from either a lack of knowledge about locally produced goods and their potential uses in

tourism, or from a preference for imported goods. In both cases the outcome is a lowered demand for many of the goods and services that are provided by MSEs. Barriers associated with marketing and distributions systems stem from poorly formed supply chains, the presence of market distorting supply monopolies, and long payment time to suppliers. As such, there are strong disincentives to the formation of supply relationships between MSEs and larger tourism business.

The factors associated with MSEs participating in global tourism depend on their ability to mitigate the risk factors and survive. Older MSEs, due to learning gained through experience and more established networks, have been able to experience growth. Other pathways include access to adequate start up capital, adequate human resources, and access to information.

There is a dearth of tourism scholarship that addresses the pathways available for MSEs in tourism VCs. Consequently, literature that informed this framework is more heavily biased towards barriers to participation. Some of the studies were based on data collection from participants that operated in a limited section of the VC. As such they ignored important populations of VC participants and disregarded how VC governance that is exerted at one point of the chain may affect MSE participation throughout the VC. In addition, there was an absence of research that sought to understand the issue of MSE participation in a given destination from multiple perspectives.

Not surprisingly, the literature and conceptual framework that it informed implies that MSEs in tourism are largely limited to VC functions that earn a lower income. However, this conceptual framework presented an opportunity to raise important research questions and lines of enquiry. These included how barriers and pathways to MSE participation vary with

different models of tourism development, different perspectives on what constituted barriers and pathways in a given VC, and the governance mechanisms that existed and how they mediate MSE participation and upgrading opportunities. In this way the conceptual framework provided a reference point that helped to inform the research objectives and refine the research design.

CHAPTER THREE: METHODS

3.1 Research design

The data collection for this research was broken into two phases. The first phase lasted for approximately four weeks; from October 18 2010 to November 12 2010. During this phase, in-depth interviews of tourism stakeholders⁴ were conducted (supplemented by participant observation), in order to produce VC maps of each research site. The second phase lasted for approximately eight weeks; from November 22, 2010 to January 21, 2011. Participant observation and in-depth interviews of tourism business operators were used to explore barriers and pathways to MSE participation. Table 3.1 provides an overview of the data collection methods used in each phase of the research.

Table 3.1. Data collection methods in each phase of the research

Phase	Methods Used	Main Outcome
Phase I	In-depth interviews Participant observation	Mapping of value chain Explore issues of value chain governance
Phase II	In-depth interviews Participant observation	Explore barriers and pathways to MSE participation

In-depth interviews provide an effective way of eliciting an individual's perspectives, emotions, values, knowledge and experience in relation to a given social reality (Saldana et al., 2011). This method assumes that the individual by virtue of their experience has unique knowledge about a given subject (Hesse-Biber and Leavy, 2006). This knowledge was accessed through focused conversation between the subjects and researcher in which the researcher functions as an active questioner and listener.

⁴ The stakeholders included representatives of tourism industry sub-groups, key informants in tourism-related agencies of government, and representatives of NGOs that interface with the tourism industry.

In-depth interviews are very useful in generating exploratory descriptive data that can help to understand a problem. This method typically utilizes open-ended questions that result in the provision of a large volume of textual data. Through the detailed descriptions given by the interviewee, the researcher is able to identify patterns and trends that provide explanation of the subject of interest. In-depth interviews have been found to be very effective in accessing subdued voices, those who may be marginalized, and revealing hidden knowledge that exists. Furthermore, this method is adaptable to various physical settings and is compatible with other data collection methods.

Participant observation has its methodological roots in anthropological studies. This method has the advantage of capturing the natural actions of individuals in their normal environment from which one can infer an individual's or group's ways of thinking, reactions and interactions (Saldana et al., 2011). This approach has the advantage of allowing the researcher to understand the phenomenon being studied from the perspective of a participant (Patton, 2002). It therefore allows for insights that would not have been possible through only the use of interviews, and for corroborating and more fully comprehending data from interviews. In this context this method allowed me to observe some members of the population of interest and gain early insights on the research questions. Therefore, observation helped to shape my line of questioning during the interviews and pointed to potential informants who were rich sources of additional information.

The nature of the research problem is one that is rooted in the day-to-day lived experiences of tourism practitioners operating in destinations. Furthermore, the complex issues related to MSE participation have multiple causes and therefore require methods that

allow for exploring multiple causes of barriers and/or pathways to MSE participation. The methods used in this research allow for exploring multiple leads as they emerged. In addition, the methods gave voice to those who are most affected by the problems being investigated, to define the parameters of the tourism industry and to help identify potential solutions. These methods are therefore appropriate for this study.

Given the objectives that were outlined in Chapter One, and the VCA approach that was adopted, it was necessary to conduct a mapping of the tourism VC at the beginning of the research process (ODI, 2009). The mapping exercise allowed for systematic and comprehensive understanding of the VC in order to identify where MSEs participate. This was important given that some categories of MSEs and even potential VC participants operate within informal spaces that are not fully accounted for in official documents (Mitchell, 2012). In addition, it allowed for unveiling the power structures and governance mechanisms that mediate MSE participation. The mapping exercise should be seen as a necessary intermediate step, as a precursor to exploring barriers and pathways to MSE participation

3.2 Value chain mapping

Value chain mapping is a tool that allows for diagramming the structure of an industry, specifying the different actors in the chain, the role they play, their relative location in production processes, and the linkages between VC participants (McCormick and Schmitz, 2001). This allows for organizing the chaotic realities that may be perceived in an industry structure and provides the basis for beginning to understand the dynamics that affect participation, reward systems, and the division of VC functions (Bolwig et al, 2010).

The aim of VC mapping is to provide a clear representation of a given industry. The mapmaker has the freedom to decide on the most effective visualization tools that best represent the industry of interest (Kaplinsky and Morris, 2000). This level of flexibility is an inherent strength associated with VC analysis, as the approach can be adapted to a wide range of research contexts.

One effective approach to VC mapping is to identify the final markets in a given industry and to trace the transformation processes involved in the various links of the VC (McCormick and Schmitz, 2001). VC mapping can involve developing several maps of the same VC, with each focusing attention on different levels of details. This allows for providing greater clarity while preventing information overload.

The purpose of the research dictates which component of the VC is highlighted and is therefore the determinant of how the map is represented (McCormick and Schmitz, 2001). Within the research context of an apparel VC, McCormick and Schmitz (2001) recommend developing a map in a two stage process by first outlining the broad contours of each value link showing their connection to other productive activities within the location, other parts of the world, and their connection to final markets, followed by quantifying variables of interest that are driven by the overall research questions.

Conventions governing actual VC mapping procedures were codified and applied initially to various manufacturing industries (McCormick and Schmitz, 2001). As the approach is embraced in studies across other industries the mapping conventions will continue to evolve to meet unique needs as they arise. McCormick and Schmitz (2001) recommend using the pattern of lines between VC links to represent the relationships inherent in inter-chain linkages. These

include using a single line for arms length transactions, a double line for balanced networks, a triple line for directed networks, and four lines for vertically integrated chains. These types of relationships are directly related to the type of governance and or power relationships within a VC.

The information used for mapping VCs can be gleaned from a number of sources. McCormick and Schmitz (2001) recommend sourcing written material giving background information on the given industry as the first step, supplemented by exploratory interviews with key informants who have a working knowledge of the VC. This information can be useful in drawing a preliminary map of the VC. This is then used in more formal interviews with the intent to fill in gaps in the VC as perceived by different individuals.

The mechanics of representing the VC involve listing the main chain functions, identifying the final markets served by a particular chain, and joining firms using McCormick and Schmitz's (2001) conventions to show the type of inter-firm relationships within the VC. The next steps in VC mapping involve providing quantifiable information that allows for understanding where in the chain value is actually created. These quantifiable data can be accessed from multiple sources, including published records, or primary research (McCormick and Schmitz, 2001; Kaplinsky and Morris, 2000).

The modal approach to VC mapping in tourism has been to diagram the itinerary of a destination by focusing on the economic organization of stakeholders and the distribution of value creation among them. An alternative mapping approach is to adopt the multi-dimensional nature of the tourist experience to diagram the VC by representing respectively the five trip phases; namely anticipation, travel to destination, onsite stay, travel-back, and

recollection (Clawson and Knetsch, 1966). Whereas the former approach focuses more on the businesses within the destination, the latter broadens the focus to include value creation activities that occur outside of the destination and that impact on local VC functions (Mitchell and Phuc, 2007).

3.21 Social network analysis approach

A tourist destination could be conceived as a complex network of actors: businesses, governmental bodies, NGOs, etc., that interact with each other while co-creating value, culminating in the production of a tourism good or service. As such tourist VCs, and their functioning, depend largely on how the different stakeholders are connected, the pattern of their interactions, and the relationships between them (March and Wilkinson, 2009). These relationships, embedded in complex networks, determine the role of different businesses in the VC and act as the conduit for the transfer, diffusion, and coordination of knowledge, skills, and resources (Wilkinson, 2008; Hu and Racherla, 2009).

The social network analysis (SNA) framework was adopted to guide the VC mapping process. SNA provides a method for evaluating complex networks and their relationships (Hanneman, and Riddle, 2005; Streeter and Gillespie, 1992). This approach provides tools to visually represent and analyze complex relationships, and has been applied to research spanning communication studies, political science, computer networks, business and commerce (Racherla and Hu, 2010).

SNA is primarily concerned with examining the structural and relational properties that are present within a given network (Streeter and Gillespie, 1992). Structural properties relate to the size of the total network, how central an individual is to the network, and the

connectedness with and/or distance to other members of the network. In addition, it is also concerned with the presence of subgroups within the network and the level of connectedness within subgroups. The relational properties include the importance of the relationship, the frequency with which interactions occur, and the extent of formalization and/or standardization that underpin relationships within networks.

In SNA, the relational and structural properties of networks are visually represented with the use of socio-grams in which different actors, or nodes are shown as a circle (or other figure), and a line segment between them shows the presence of relationship (Hanneman and Riddle, 2005; Streeter and Gillespie, 1992). The method allows for adding different attributes; such as color codes to differentiate categories of actors, directed lines to show the flow of influence, and varying line thickness and or hatched lines to illustrate the importance of a given relationship in the network (Hanneman and Riddle, 2005).

This approach to mapping network brings the advantage of providing a vivid and concrete image of the network. This can help to provide an intuition of how the network operates. However, if large and densely connected visual displays are produced they may be difficult to interpret. Furthermore, maps of a social network are sensitive to the assumptions of the individual interviewee, with the potential to produce visual displays that are very different from each other (Streeter and Gillespie, 1992).

Bearing in mind the shortcoming noted above, this research required a technique that could comprehensively and independently assess different perspectives of the VC as a first step in the mapping process. The concern was to reduce the possibility for dominant voices determining the outcome of the mapping exercise. This was particularly important given the

research context in which there are on one hand, powerful industry operators who wield great influence, and on the other hand, relatively weak players, some of who operate in the interface of the informal and formal economy. As such cognitive mapping also helped to inform the sampling procedure and the final generation of the social networks.

A cognitive map is a graphical representation that shows an individual's understanding of a given set of realities (Langfield-Smith, 1992), and projects the knowledge that informs behavior in relation to that given domain (Young, 1999). It allows for combining the different understanding of a given domain and through an iterative process between the researcher and respondents in order to arrive at a more comprehensive and complete understanding. Cognitive mapping has been successfully used in describing and analyzing complex issues in a wide range of disciplinary research and policy analysis contexts. Its use in tourism has been largely confined to understanding tourists' cognition of a destination, tourist behavior, and sustainable tourism development policy (Farsari, 2009; Young, 1999; 2004; Walmsley & Jenkins, 1992). The approaches suggested by cognitive mapping is compatible with the full network sampling approach, and the snowball sampling approach that is suggested by the SNA literature.

3.22 Sampling procedure

Key informants were identified in the various agencies in the Ministry of Tourism, relevant agencies in other government ministries, and private sector groups involved in the tourism industry. A senior officer in the Ministry of Tourism provided an initial sample frame of potential subjects. This initial sample frame was later expanded during the first phase of the research. A purposive sampling procedure was used to select participants for the research.

Given the VCA framework of this research, subjects were chosen in order to represent diverse groups of stakeholders, including direct and indirect service providers, support service organizations within both the public and private sectors, and NGOs. This ensured that multiple voices contributed to defining the boundaries and interconnections of the tourism industry. Thirty-five potential respondents were invited to participate in this phase of the research. They were invited because of their role in various government agencies and private sector bodies, and in general, the knowledge they had of the tourism industry. A total of 28 individuals were interviewed during the months of October and November 2010. Table 3.2 provides a description of the subjects interviewed.

Table 3.2. Description of sample

Category of respondent	Number of subjects	North coast	South coast
Representatives of the Ministry of Tourism	8	5	3
Representatives of other public bodies	2	1	1
Representatives of JHTA	2	2	0
Representatives of JAVA	2	1	1
Unaffiliated hoteliers	3	0	3
Representatives of JAAL	2	2	0
Unaffiliated attractions	2	0	2
Craft Vendors	2	2	0
Local tour operators	2	2	0
Taxi associations	3	3	0
Total	28	18	10

3.23 Data collection and analysis – value chain mapping

In-depth interviews were used to collect data required for VC mapping. The maps representing individuals' understanding of destination VCs were elicited using face-to-face semi-structured interviews. Subjects were allowed to actively participate in the mapping process and to clarify information being provided as the interview progressed (Eden & Ackerman, 2004). See Appendix A for the interview guide that was used in the interviews.

The interviews were conducted either at the subject's place of business, in the case of private businesses, or at the subject's office, in the case of public sector employees and NGO representatives. The aims and objectives of the research were outlined to each subject, and their verbal consent to participate and have the interview recorded was sought as per the guidelines of Michigan State University's human subject protection provisions (IRB # 09-1104).

The purpose of these interviews was to elicit each respondent's understanding of the tourism VC. They sought to identify all VC participants, their roles and VC functions, and how various groups of participants were connected within the VCs. The interview initially asked respondents to describe the service of their business and the function that it carried out in the tourism VC. They were then asked to speak about other businesses/agencies with which they relate or have business relationships, outline the functions of those other entities and how the relationship or the presence of that entity impacts their businesses/agency. Follow-up and probing questions were used to explore knowledge of other tourism-related business/agencies with which they may not directly relate. In addition, respondents were also asked to speak about the coordination mechanisms between different chain participants, the locus of control and power, and the regulatory framework that exists.

As the interview progressed, a socio-gram was drawn as part of the data recording process. The mapping exercise began by representing the subject's business/agency as a box; representing groups of actors or nodes within the network. As the respondent spoke about other businesses, agencies, and organizations with which his/her entity had relationships, they were also recorded and represented as nodes. Connecting lines were used to join those boxes, which represent nodes and actors that were directly linked within the network, and subsequently those to which they were indirectly linked. The respondents were invited to participate in creating this map by commenting on how their explanations were being illustrated, and to suggest modifications where they saw the need. In addition to the diagrams that were generated, detailed notes of their explanation of the roles of various entities, the type of relationships, and coordinating mechanisms were made on the same sheet.

After each interview the socio-grams were re-drawn using the computer based mapping tool, Decision Explorer. In addition, the socio-grams of groups of stakeholders were combined to create a representation of the perspectives of a given group of stakeholders. See Appendix B for the combined socio-grams that were generated. These were then used as visual aids in follow up interviews in which respondents were asked to comment on the map and or suggest changes that more closely reflected their understanding of the tourism VC.

Content analysis was used to examine the textual data that were generated during the interviews. The data were first transcribed and imported in the NVivo software application. After careful reading of the text, codes were developed that reflected important emergent themes. These codes were then used to summarize the text and help in drawing more accurate meaning in relation to the maps that were generated. See Appendix C for a list of the codes

used and the meanings. The content analysis allowed for accurately depicting the collective understanding of the destination VCs by groups of stakeholders, understanding differences in the VCs between the north and south coasts, and understanding the governance structures that mediate VC participation.

The final step of the mapping process was to generate a comprehensive VC of the research sites. This was achieved by combining the perspectives of the stakeholder groups while considering the meanings that were attached to the textual data from the interviews. This was used to describe the VCs and the governance mechanisms that were observed, as well as aid in comparing the VCs on the north coast south coasts.

Validity of the results was ensured through two main routes. Firstly, the results were triangulated by collecting data from a wide range of voices (Maxwell, 2005). The sample included respondents who traditionally had discrepant perspectives and in some instances a history of conflict and mistrust. As such agreement and overlap in the information they provided is a signal of validity in the data. Secondly, there was a heavy reliance on respondent validation of early interpretations and conclusions (Miles & Huberman, 1994). This was accomplished through seeking clarifications and double-checking conclusions drawn from preliminary analysis of the data through follow-up interviews. For example, the follow-up interviews during the mapping process allowed for validation through systematic feedback from key informants.

3.3 Barriers and pathways to MSE participation

It was the intent of this study to get insights into the barriers that MSEs face in participating in the VC, how they adapt and innovate in order to participate, and the

opportunities they have to upgrade their participation. The data collection methods involved participant observation of MSEs, and in-depth interviews of the managers and or owners of tourism and tourism related businesses. Table 3.3 provides a summary of the different data collection methods used.

Table 3.3. Data collection methods

Method	Number of subjects	Description of subjects/setting
Participant observation	Approximately 150	Public spaces in the resort centers, packaged tours
In-depth interviews	37	Owners and managers of tourism related businesses

3.31 Sampling procedure and description of sample – barriers and pathways

Since this research utilized a VC framework, the population of interest included enterprises of all sizes, both direct and indirect providers of goods and services to the tourism industry. A combination of purposeful and snowball sampling techniques was used within each sector identified (i.e. large hotels, medium and small hotels, transport operators, destination management companies, attractions, craft traders, gift shop operators, restaurant operators, and food supply intermediaries). Firstly, I constructed a sample frame of tourism businesses using business inventories that were provided by the Tourism Product Development Company (TPDCo) and the St. Ann Chamber of Commerce, as well as business that were revealed during the mapping process. This frame helped to ensure that there was a comprehensive coverage of sizes and types of businesses at all points of the VC. I chose to interview specific subjects based on my emerging knowledge of the destination during the mapping process. As the data collection progressed, subjects also recommended other business operators who would be good candidates to interview. Through these sampling techniques respondents were chosen

who provided rich contextual data related to barriers and pathways to MSE participation at different points of the VC. A total of 37 interviews were conducted. Interviews were continued until a saturation point in data collection was reached. Tables 3.3 and 3.4 provide summaries of the respondents. The sample included 13 that could be classified as large tourism businesses, and 34 that were classified as a micro or a small enterprise.

Table 3.4. Summary of large businesses in the sample

Category	Number	Location	Person interviewed
Destination management companies	3	North coast	Managers
Hotels	5	North coast	General managers and procurement officers
Attractions	2	North coast	Managers
In-bond stores	3	North coast	Managers/owners
Total	13		

The large businesses included three destination management companies, employing an average of 65 employees; two attractions, both employing over 200 persons; five hotels employing an average of 150 individuals; and three in-bond stores⁵ employing an average of ten individuals. All of the large tourist enterprises were located on the north coast.

In-bond stores were classified as large tourism enterprises, although the number of employees fell within the threshold of MSEs. In-bond stores were observed to have several sales outlets locations within the destination and sometimes operated in several resort towns. Furthermore, they trade in luxury items such as jewelry and clothing. As such it was anticipated that their revenue would trend more closely towards large businesses. Five large hotels were

⁵ In-bond stores are located in special shopping zones within resorts. Purchases from in-bond stores are not subjected to sales tax. They specialize in high end products such as jewelry items, designer clothing, and artwork.

included in the sample. Three of these were hotel chains that owned and/or operated more than one property.

Table 3.5. Summary of MSEs in the sample

Category	Number	Average number of employees	Location		Person interviewed
			North coast	South coast	
Craft traders	5	2	5	0	Owners
Restaurants	4	6	2	2	Owners
Taxis	4	2	3	1	Owners
Accommodations	6	14	3	3	Owners
Attraction	5	15	2	3	Owners
Agri-produce intermediaries	3	3	3	0	Owners
Water sports	7	5	5	2	Owners
Total	34	47	23	11	

The MSEs included in the sample included five craft traders, employing two persons each; four restaurants employing an average of six individuals; four taxi operators, each employing two persons; six hotels, employing an average of 14 individuals; five attractions employing an average of fifteen persons; three agro-produce intermediaries, employing an average of three persons; and seven water sports operators employing an average of five persons. Within this sample 23 respondents were from the north coast and eleven were from the south coast.

From the sample description provided it can be seen that the MSEs included a diverse range of businesses. Some of these businesses operate at a very informal level and provide limited employment opportunities. However, MSEs such as hotels, attractions, restaurants, and transport operators function within the formal economy and sometimes generate additional employment opportunities.

3.32 Data collection and analysis

Preliminary analysis of data that were collected during the VC mapping exercise indicated that VC participation by MSEs were often impacted by the conduct of MSEs in the resort areas, their interactions with each other, as well as their ability to find niches that served the VC. As a result of this early finding I conducted over 20 hours of participant observation in order to more fully understand this strand of data. The focus of the observations was to better understand the interaction between MSEs and tourists, the interaction between MSE operators, and their interaction with larger businesses. These observations brought greater clarity to the methods used by MSE operators to attract patrons, the ease with which tourists were able to interact with MSE operators, the physical layout of the resort areas, the location and distribution of MSEs, the relationships and functional networks between businesses, and the influence of VC governance on the emergence of functional networks.

These observations were completed in public spaces within the resorts, such as in the vicinity of the cruise-shipping pier, the shopping malls housing in-bond stores, and the craft markets. In addition, I embedded myself within six land-based tours as a part of data collection. I used two main approaches in observation. In the beginning, I stayed in a given location in order to observe the dynamic at a place over a period of time. In the latter stages, I moved systematically along a given path often shadowing a group of tourists (or in two occasions embedded within a tour party). In all cases I blended within the environment as a visitor/tourist, in order to not affect the natural behavior of the MSE operators and/or tourists.

At the end of each observation session detailed notes were generated. These notes summarized the significant things observed during the session. In addition, I generated memos

outlining the initial meaning that I begun to associate with the observation, and patterns that I needed to explore during the in-depth interviews

In addition to participant observations, I conducted in-depth interviews of the owners and/or managers of tourism related businesses. In this case I used a semi-structured interview format that allowed for exploring emergent themes as they surfaced during the interview process (see Appendix D for an outline of the interview guide).

The subjects from large tourism enterprises were asked to speak about how they go about establishing business relationships with MSEs, the barriers and challenges they face while conducting business transaction with MSEs, as well as the opportunities they see for greater interactions with MSEs in the future. Similarly, the owners and managers of MSEs were asked to speak about how they go about establishing business relationships with large tourism businesses, the challenges they faced in transacting businesses with large tourism entities, and the opportunities they see for increased participation in the tourism VC in the future. By conducting interviews across different types of businesses as well as across different business sizes this research actively incorporates multiple voices of the prime industry actors and decision makers in gaining insights into barriers and pathways to MSE participation.

The interviews were conducted at the subject's place of business. Before each interview subjects were informed of the purpose of the research, potential risks in their participation, and steps taken to protect their identity and confidentiality. Their verbal consent to participate was then sought as per MSU's IRB policies (IRB #09-1104).

The interviews were tape recorded in order to ensure accuracy. These interviews were subsequently transcribed and imported to NVivo 9 for analysis.

The transcribed data from the two data collection methods were analyzed using content analysis to identify themes and concepts related to barriers and pathways to MSE participation. Carney's (1990) ladder of analytical abstraction informed the analysis by developing and applying codes to the data, summarizing sets of related concepts to identify emergent themes, and abstracting meanings from these emergent themes (Miles and Huberman, 1994).

The first step in the content analysis involved developing 55 specific codes associated with barriers and pathways to MSE participation. See Appendix E for a list of the codes and the definitions that were used. These codes were then applied to the transcribed data to identify all barriers, different types of barriers, reasons for barriers, possible solutions to barriers, and pathways to VC participation. Similarly, codes were applied to identify all pathways to MSE participation and how those pathways were created and sustained. NVivo 9 was then used to summarize the data based on queries or searches to identify barriers and pathways to MSE participation.

The queries that were conducted provided a summary of all the evidence that was associated with a given barrier or pathway to MSE participation. These summarized data were then reviewed in order to identify common themes and patterns across different business types and sizes. From this stage I created conceptually clustered matrices in order to organize these common themes and to present and interpret the results.

Four conceptually clustered matrices were created that focus on barriers and pathways to MSE participation. These were barriers to MSE participation from the large business perspective, barriers to MSE participation from the MSE perspective, pathways to MSE participation from the large business perspective, and pathways to MSE participation from the

MSE perspective respectively (see Tables 4.2, 4.3, 4.4, and 4.5 in Chapter 4). These matrices served as a useful tool for displaying a summary of the findings related to barriers and pathways. They also helped to build a narrative around barriers and pathways to MSE participation and for interpreting the meanings associated with each concept.

Validity of the results was ensured through two main methods. First, a wide range of voices was sought in trying to understand MSE participation (Maxwell, 2005). This included subjects who have traditionally been on opposing ends of the same issue and at various times have had conflicts related to the issues concerned. As such, triangulation among these diverse subjects gives credibility to the findings. Furthermore, the rich data that were gained from in-depth interviews was subject to verbatim transcription and therefore allowed for complete analysis in order to extract full meaning (Maxwell, 2005).

CHAPTER FOUR: RESULTS

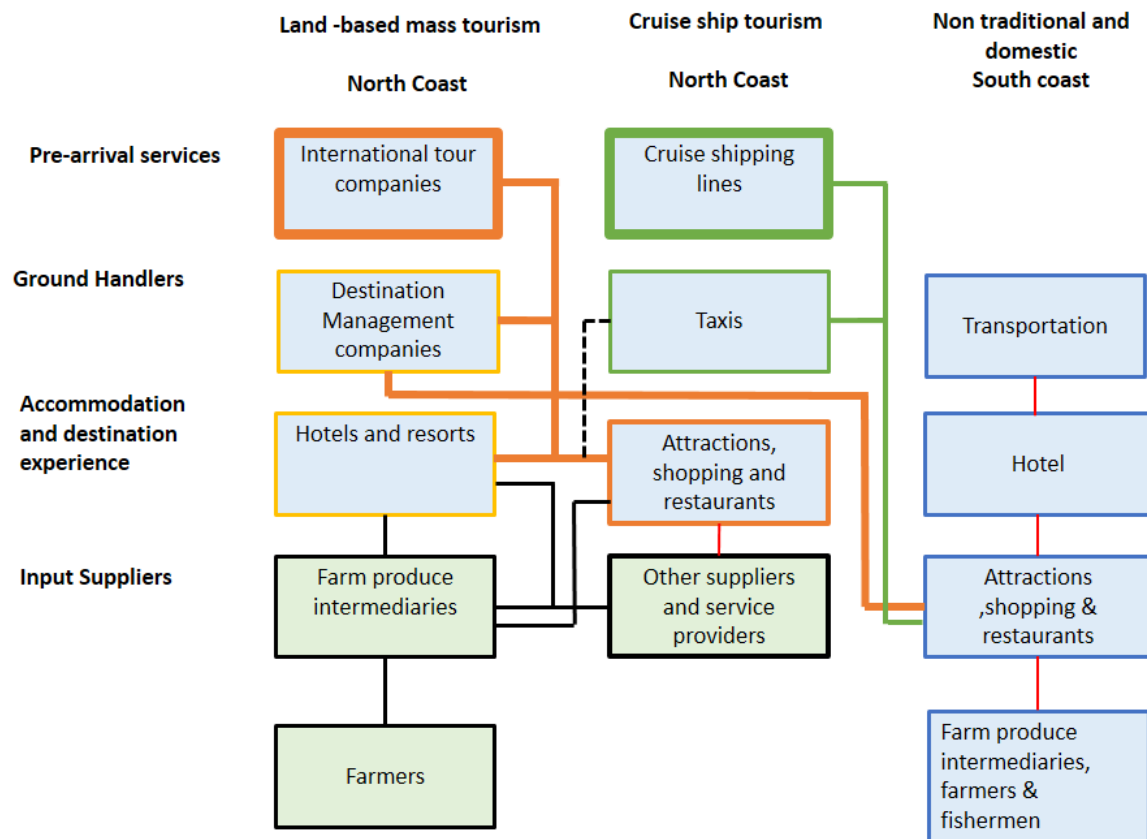
4.1 Introduction

The results will be discussed corresponding to the stated research objectives, i.e. identifying the governance mechanisms that mediate VC participation, barriers and pathways to MSE participation from the perspective of large businesses, and barriers and pathways to MSE participation from the perspective of MSEs. Data revealed the presence of three governance mechanisms operating within four VCs. It also showed that MSEs face numerous barriers to their effective participation in the tourism VC. However, the results also point to the pathways that explain how MSEs are able to participate when they do, and the mechanisms and adaptations they use to ensure their participation.

4.2 Value chain governance and implications for MSE participation

The governance mechanisms that are identified in this research were revealed during the mapping exercise that was conducted, and is illustrated through the use of a VC map in Figure 4.1. Analysis of the data showed four VCs, with each having its distinct and independent governance mechanism. These include the traditional land-based mass tourism VC, the cruise shipping tourism VC, the non-traditional tourism VC, and the domestic tourism VC. Two of these chains, i.e. the land-based mass tourism VC and the cruise shipping VC, co-exist in the north coast site; running alongside each other, although sometimes intersecting. The non-traditional and domestic tourism VCs were located on the south coast.

Figure 4.1. Tourism Value chain map



The VC map presented in Figure 4.1 was partly informed by the Clawson and Knetsch (1966) classification of the five phases in a trip, but also adapts the mapping convention recommended by McCormick and Schmitz (2001). The information presented at the top represent the specific chain and corresponds to a given final market, while the axis on the left represents the chain functions that are carried out at different points of the chain. Categories of businesses carrying out specific VC functions (such as pre-arrival services, ground handling, accommodations, etc.) are shown as rectangular figures. The connecting lines are used to denote linkages between the different categories of VC participants. The thick connecting lines denote relationships that are governed by explicit coordination by more powerful VC

participants. The thin connecting lines depict relationships that are governed by open market relationships.

The figure shows that in the land-based mass tourism VC, international tour operators (ITOs), shown by thicker borders and connecting lines, are the source of power and influence throughout the VC. They exert influence locally through destination management companies (DMCs) that coordinate the destination experience on behalf of their partner ITOs. One result of the governance originating with ITO and targeted at direct tourism providers such as DMCs, hotels, and attractions, is a rippling of governance to indirect tourism providers such as input suppliers and service providers. Figure 4.1 also shows that hotels and attractions exert governance to farmers through supply intermediaries, and directly to other suppliers and service providers.

The business relationships found in the land-based mass tourism VC is reflective of captive governance mechanism. It is characterized by power asymmetry between VC participants and the source of governance, and a dependence of local firms on ITOs for access to the tourism VC. At the input and service providers links the governance mechanism involve a mix of relational governance systems based on varying degrees of contract enforcement with embedded risks and rewards. The basis for the relational governance system is the mutual dependence between suppliers and service providers and hoteliers and attractions.

The cruise shipping VC extends from the cruise shipping lines to attractions, transportation, retail trade, and restaurants. Figure 4.1 suggests that business relationships are also characterized by explicit control and coordination by cruise shipping lines. Excursionists generally purchase a land-based tour onboard the ship. Approximately 80% of cruise

passengers purchase a pre-booked land-based experience on board the ship. The remaining 20% are referred to as freelance passengers who explore the destination on their own.

The cruise shipping VC is characterized by mix of captive VC governance mechanism, and demonstrates signs of hierarchical governance. This is accomplished through contracts with land-based attractions requiring that freelance passengers (excursionists) must purchase admission to a given attraction through the ship based tour desk. Attractions without such a contract will not receive exposure to passengers in the ship's own marketing of a given destination. In addition, cruise lines have become major shareholders and owners of land based attractions. Although in this case governance originates with the cruise lines and is directed to land based experiences (attractions, shopping, restaurants, etc.) it is effected through the taxi services that are contracted to the cruise lines.

The non-traditional and domestic tourism VC on the south coast is governed largely by arms length market mechanisms. This is so as more than 95% of visitors to this site independently book their trip with a local hotel and or attraction, rather than through a tour operator. In addition, there are no DMCs partnering with ITOs operating exclusively in this site. As such tourists have a greater flexibility to spend their money in the local market without explicit coordination from more powerful VC partners. The thin lines joining hotels, transport, attractions, shopping, restaurants, and input suppliers are indicative of a tourism system in which there is limited ability of any one VC participant or groups of participants to determine a set of VC outcomes. It must be noted however, that cruise shipping VCs and the mass tourism VCs from other parts of the country (mainly Montego Bay and Negril) intersect with the VCs on

the south coast.⁶ In these instances the relationships would be governed by a captive governance mechanism as described earlier.

The role of governance in mediating MSE participation was very obvious throughout the results. This ranged from limited access in the land-based mass tourism and cruise shipping VCs on the north coast to greater access and participation for a wider based of MSEs in the non-traditional and domestic tourism VC on the south coast.

In order to get an insight into the extent to which MSEs are able to participate in value creation, the distribution of tourist expenditure among different types of businesses is reported. Table 4.1 provides the distribution of tourist expenditure for tourists in all-inclusive resorts, for all accommodations, and the cruise lines. Given that all-inclusive resorts account for over 88.7% of bed nights sold on the north coast (JTB, 2010), the figures reported will be taken as an estimate of tourism expenditure distribution in land-based mass tourism VC. Similarly, the all accommodation segment is used as a proxy for the non-traditional VC.

Table 4.1. Income distribution within the value chains

Expenditure category	Land-based mass tourism VC (US \$)	Non-traditional tourism VC (US \$)	Cruise shipping tourism VC (US \$)
Accommodation	311,566,942	40,583,401	0
Food and beverage	13,310,857	24,910,421	2,001,502
Grocery	1,031,849	5,938,158	0
Entertainment	73,158,126	6,349,877	16,012,023
Taxi	4,746,507	4,830,107	842,738
Other transportation	14,239,522	5,225,247	0
In-bond shopping	13,723,597	3,304,810	19,909,686
Clothing	11,711,491	2,130,442	3,002,254
Craft	6,758,613	1,011,338	4,740,401
Other shopping	12,330,600	7,792,278	3,897,663

⁶ Mainly through day trips to several attractions on the south coast.

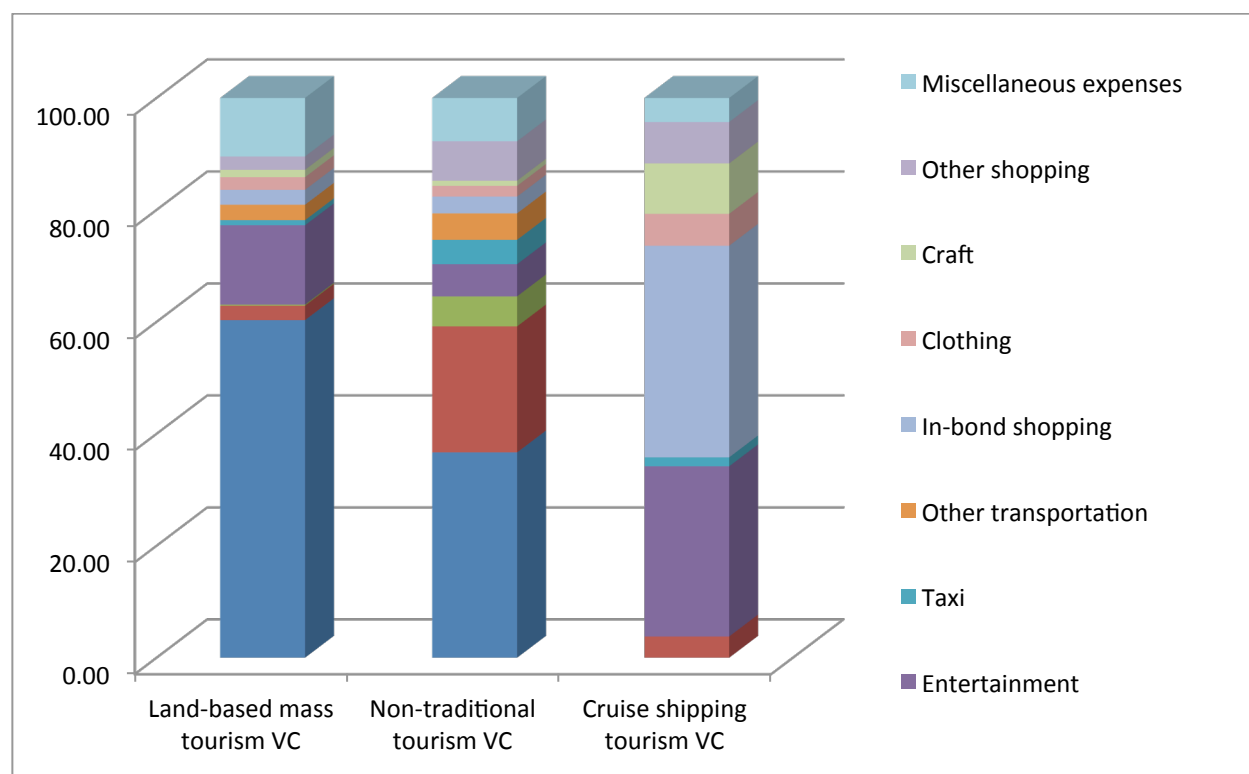
Table 4.1. (CONT'D)

Miscellaneous expenses	54,017,318	8,571,506	2,264,858
Total	516,595,429	110,647,588	52,671,129

Source (JTB data, 2011)

The land-based mass tourism VC earns the most revenue, accounting for more than four times the revenue as the non-traditional VC. However, there are important variations in the distribution of income across different type of businesses within these VCs. Figure 4.2 shows that earnings in the land-based mass tourism VC mainly flow to the accommodations sector, accounting for over sixty percent of chain revenues.

Figure 4.2. Distribution of revenues across tourism value chains



The sectors in which MSEs participate, namely, taxi service and craft sales, account for approximately 9.1% and 1.3% respectively. A similar pattern holds in the cruise shipping VC, where MSEs account for approximately 14% of VC revenues (craft 9.1% and transport 4.3%,

respectively). This is consistent with the findings of Akama and Kieti (2007) who noted that indigenous MSEs in Kenya are often relegated to VC functions with low revenue earning potential.

Although the total earnings from the non-traditional tourism VC on the south coast is lower compared to the north coast, there is a greater spread among different sectors. For example, over 20% of VC revenue accrues to restaurants outside of hotels amounting to US \$ 24.9 million. Furthermore, since over 70% of the accommodations on the south coast are MSEs, they also account for a significant proportion of the incomes accruing to the accommodation sector.

4.3 Barriers to MSE participation – large business perspectives

Value chain participants included in this category were tourism businesses that employed greater than fifty individuals. Businesses that were represented in this sample included hotels, attractions, in-bond stores, and destination management companies (also referred to as local tour operators). These businesses were all located on the north coast.

The conceptually clustered matrix in Table 4.2 gives a summary of the barriers to MSE participation across the category of businesses that were included in the sample. Analysis of the data revealed that the main challenges that limited MSE participation with larger tourism businesses, from the perspective of large tourism businesses, included supply related constraints, a negative image of MSEs, and modernization within the tourism VC.

Large hotels and gift shops identified supply constraints as the largest deterrent to conducting business relations with MSEs. Large hotels generally expressed an interest in supporting small local businesses, including farmers. However, this willingness is curtailed due

to uncertainty in supply, a lack of capacity to supply the required quantities, inconsistent quality of supplies, shortages in supply due to weather patterns, and disincentives to suppliers due to long payment periods.

Table 4.2. Barriers to MSE participation – large business perspectives

	Hotels	Attractions	Local tour operators (DMCs)	In-bond stores & gift shops
Supply constraints	Quantity, Supply uncertainty,			Quality Price
Contracting relationships	Long payment period			
Competition	Imports, quality and price			Imports
High search costs				No supply chain
Poor image/potential conflicts		Harassment and crime	Harassment and crime	Conflict, harassment, crime
Modernization	New rules, standards, and technologies	New rules, standards, and technologies	New rules and standards	

Large hotels pointed to the need they have to produce consistent menus to satisfy guests. They therefore cannot afford to expose themselves to supply risks by purchasing from MSEs. A procurement officer from a major resort chain related the experience of entering a purchasing relationship with a small supplier of vegetables, who started out well but after a few months did not have the required working capital to sustain the business. In order to minimize supply related risks hotels opt to procure a significant proportion of their fresh fruits and vegetables from larger businesses and imported sources. The procurement officer from a local AI resort explained;

“Here I use a lot of zucchini and squash..... You can get that from St. Elizabeth some of the time. To get a consistent supply you have to buy from a person who is importing vegetables too.”

Consistent with the idea of supply uncertainty, another hotel procurement officer pointed to the lack of capacity of MSEs to supply the quantities required by his establishment. He characterized MSEs as being able to produce samples but lacking the ability to deliver when a large order is required. In order to mitigate against this risk some larger hotels have shifted their procurement of fresh vegetables from traditional small farmer to producers who have adopted green house technology and other forms of protected agriculture. Green house technology has the advantage of increasing the resilience of producers against drought and hurricanes and helps to reduce supply risk.

Large hotels also expressed an unwillingness to procure fruits and vegetables from MSEs and smaller suppliers due to poor and/or inconsistent quality. One procurement officer in a large resort chain pointed out that the problem crops appear to be exotic fruits such as cantaloupes and honey dew melons that are not traditionally grown in Jamaica. This may be pointing to a need for technical assistance to train farmers to produce the quality of produce required. The poor and inconsistent quality of produce adversely affects the bottom line of hotels. One respondent from a chain hotel had this to say in addressing the issue of quality:

“Farmers have to step up to minimize waste, because that cost me. Hotels are in the business of mass production so we have to reduce waste.”

Generally, respondents from the large hotels recognized the impact of seasonal variations and weather systems on the ability of farmers and small suppliers to effectively meet

the procurement needs of the hotel sector. There are constant cycles of glut and scarcity of farm produce and a corresponding dramatic variation in price that contribute to supply uncertainty. During the four-month period of data collection in Jamaica, there was a shortage of vegetables due to the effects of a tropical storm, as well as a period of excess supply. This points to the need for programs designed to make producers more resilient against weather pattern variation and natural disasters in order to reduce supply uncertainty to the hotel sector and the wider consuming public.

In-bond store operators and gift shop operators also addressed the issue of low production capacity, specifically in the manufacturing sector. One respondent highlighted the generally uncompetitive environment for manufacturers and made the case that manufacturers in Jamaica cannot compete with those from China and other South Asian countries.

Large hotels also recognized that poor contracting relationships, evidenced by the long period that it takes for hotels to pay suppliers for goods supplied, is a strong disincentive for MSEs to want to conduct business with hotels. Procurement officers for three large AI resort chains in the north coast of Jamaica revealed that the average time for accounts payable were 30, 40, and 60 days respectively. One procurement officer had this to say:

“And then payment is an issue, I think it is safe for me to say across all hotels. They expect to get paid with seven days of delivery and that is not normally the case. So when you cannot give them their money they complain and it affects their ability to finance their farms.”

Furthermore it was also noted that since hotels purchase a large volume of goods, it could potentially deplete the entire stock and therefore prevent MSEs from selling to other

customers. For this reason, respondents from large hotels indicated that many MSEs are unwilling to supply goods or services to hotels. From the above it could be concluded that the pattern of payments employed by large hotels is a contributing factor to the inability of small suppliers to supply consistently. This points to the need for an institutional response to address the cash flow problem that may result due to outstanding payments from a large hotel.

In-bond store operators identified barriers to their economic interaction with MSEs as price competitiveness, poor quality products, high search costs, and the fear of potential conflict with craft traders. Operators of gift shops and duty-free stores indicated that the high price for locally produced souvenir items reduced their willingness to purchase from local craft producers. Furthermore they noted that much of the locally produced art was of comparatively poor quality than that from imported sources. As one local gift shop manager candidly stated, *“We need real artists, what we have here are hustlers, what we have here is trash,”* in highlighting the issue of poor quality craft. When good quality locally produced craft is identified the price is prohibitive for retail stores. As such much of the craft and souvenirs that are sold in gift shops and duty-free stores have been imported into the country. One gift shop operator who specializes in Caribbean art explained that their business model had to be shifted to using the Caribbean art as a display area, but keeping imported material for sale to tourists.

Respondents from the gift shop sector also highlighted the absence of a structured way for accessing good quality local craft products. When there is interest in sourcing locally produced art, there is an associated high search cost. One respondent who trades almost exclusively in imported clothing was able to periodically source a limited inventory of locally manufactured items through a single supplier who served as an intermediary with small

manufacturers in other parts of the country. This points to the need for market supply channel development initiatives to connect potential buyers with producers of craft and other souvenir items.

Another important barrier to MSE participation from the perspective of large businesses related to the poor image that MSEs have and the fear of “harassment” that exists. During the course of data collection I was able to observe as well as experience “tourist harassment” by eager craft sales persons, taxi drivers, and “would be” pimps. As such, some large businesses actively limit the extent of exposure of guests to MSE operators. Evidence of this was seen at the Dunn’s River Park, where tour guides employed by local DMCs routinely directed tourists to exit the park at a particular point in order to prevent walking through the craft market. One respondent explained his take on “harassment” this way:

“Jamaican small business owners that operate within the tourism product has a lot to do with the near death, or almost death their businesses because they are overly aggressive, and do not know how to sell.”

Analysis of the data also revealed evidence of a reluctance by some gift shop and in-bond store operators to carry inventories similar to that carried by craft traders operating in the craft markets. The reason given for this reluctance was to avoid being in conflict with the craft traders. This has the potential of reducing the volume of craft items that are purchased from local craftsmen.

The modernization of the tourism industry, and the implementation of new modes of functioning, has been identified by large businesses as barriers to the effective participation of MSEs. These new modes of operating include updated standards and regulations and changes

brought about by technological innovation. Modernization in this way has adversely affected MSEs that are direct providers as well as indirect providers of tourism services.

New standards in tourism have originated both from private businesses as well as from the government through the Tourism Product Development Company (TPDCo). For example, within the hotel sector corporate standards driven by international chains have led to the adoption of hazard analysis and critical control points (HACCP) procedure in the management of food supplies. In making reference to the impact of HACCP on MSE participation one hotel manager noted:

"I remember the days when you had pickups coming from St. Elizabeth and Clarendon to deliver to the hotels but now you see the refrigerated trucks, and the smaller players get squeeze out."

In addition, TPDCo has developed very detailed standards for all tourism related businesses. All tourism enterprises including MSEs are required to go through an annual assessment in order to remain a licensed tourism business. The manager of a publicly owned and operated park noted that the commercial value of the park was first identified and initiated by the community. However, during the upgrading and modernization process many of the MSEs were not accommodated within the new structure due to their inability to adapt to the new standards that were required.

New technological innovations have also proven a challenge for many MSEs to adopt and form a barrier to their effective participation in the VC. It was previously mentioned that some large hotels, in an attempt to militate against supply risks, have begun sourcing some supplies from farmers who uses green house technologies. While this technology is widely

available in Jamaica, it requires significant capital investment and technical training. Most small producers will not be able to adopt this technology without special program support.

Probably the most important technological innovation of the last century, information and communication technologies (ICTs), is out of reach to most MSEs operating within the tourism VC. A manager of a local park that interfaces with a range of MSEs had this to say about the use of technology:

“Times have changed; many tourist already book into some kind of package. The operators we have down here on the beach are not tech savvy and the entire world has moved on ahead of them. No longer you find people going to a destination without doing extensive research and forward planning. The tourists of today is extremely savvy because they have the Internet to plan ahead.”

As a consequence of the inability of many MSEs to adopt and use ICT, they are unable to effectively connect with other tourism businesses and access the tourism VC. This points to a need for programs aimed to introduce ICTs to MSE operators as well as for technical support to help them harness its marketing power.

4.4 Barriers to MSE participation – MSE perspectives

Businesses that were represented in this sample included small hotels, villas, and apartments, attractions, transport operators, restaurant operators, water sport operators, craft traders, and food supply intermediaries. See Table 4.3 for a summary of findings.

The data revealed that the main challenges that limited MSE economic interaction with larger tourism businesses, from the perspective of MSEs, were competition from imports, poor contracting relationships, modernization of the tourism system, intransigent traditional

relationships, and the absence of role clarity between tourism VC participants. In addition, the structure of the industry, competition from large businesses, global economic recession, prohibitive costs structures, ineffective institutional support, and marketing weaknesses were identified as important barriers to MSE participation in the tourism VC.

Table 4.3. Barriers to MSE participation – MSE perspectives

	Hotels and Restaurants	Attractions	Transport operators	Water sport operators and Craft traders	Food Supply intermediaries
Supply constraints	Seasonal Supply fluctuation				Weather, lack of storage
Contracting relationships		Delayed payments	Delayed payment		Delayed payment
Competition	Larger hotels		Illegal taxis	Imports, Irritation from competing businesses	
Image & potential conflict	Tourist harassment and crime	Tourist harassment and crime		The “payola” system	
Modernization	New rules			New rules	New rules
Old networks/ indifference		Closed networks	Closed network	Absence of voice	
Enclave structure	Limited tourist traffic	Limited tourist traffic		Limited tourist traffic	
Global recession	Working capital	Working capital		Working capital	
Cost structure	Utility costs	Loan costs, insurance	Interest rates, insurance	Licensing and insurance	
Ineffective institutions	Intransigent rules, business support	Ineffective approval processes	Poor Communication	Poor communication	
Marketing	Poor marketing design	Absence of marketing support		Absence of marketing support	

Similar to the perspectives of large tourism business, MSEs identified supply constraints as an important barrier to their participation. However, the basis for the constraints from their perspective was not based on their inability to produce the goods in question, but more so on weather and climatic patterns. Farm produce intermediaries indicated that during prolonged drought, heavy rains, or in the event of a hurricane, the supplies from small farmers are completely disrupted resulting in the supply chain resorting to imported sources of food supplies. This result was more evident from food supply intermediaries that supplied large quantities of agricultural produce to hotels on the north coast.

Natural disasters impact both indirect providers such as food supply intermediaries as well as direct providers of tourism services. For example, in the south coast town of Treasure Beach small hoteliers and attraction operators spoke about the impact of hurricanes on their businesses and the difficulty they face to re-open after a natural disaster. These findings point to the need for initiatives to make small producers, both direct and indirect providers, more resilient to natural disasters and weather patterns.

MSEs also identified poor contracting relationships with some larger tourism businesses as a deterrent to participation in the tourism VC and their willingness to continue in the relationship. The contracting relationship is generally organized such that the larger business entity is in a position of power, can dictate the terms of the contract, or has the latitude of renegotiating for a more favorable outcome. A supplier of vegetables to several large hotel chains summarized the situation in this way:

“We previously had contracts, but it did not really work..... Let us say I got a contract to supply \$80.00/lb. Then after a week, they call us back, and tell us they can get a better price.”

Intermediaries who supply fruits and vegetables have to remain flexible and adjust to the price requirements of the hotel in order to sustain the business relationship. This introduces an element of uncertainty in the revenues they can expect and commitments they can realistically make to farmers. In addition, suppliers of fruits and vegetables spoke about the long time it took for them to receive payment for goods delivered. This places a strain on their cash flow and on their relationships with farmers, who are not sympathetic to the payment cycle of hotels. Small attraction operators as well as transport operators also identified the issue of late and irregular payments as a deterrent to their participation in the VC.

Several MSEs, particularly transportation operators and small attractions, spoke about the barrier to their more effective participation posed by old relationships that are often unaccommodating to new entrants. Representatives of the two taxi associations spoke about their groups' efforts to rebrand themselves to develop alliances with international tour companies (ITCs). Although they have developed all the required capabilities and have marketed themselves in the right settings their efforts have been unsuccessful so far. One representative summarized the organization's experience in this way:

“We have made ourselves visible at every trade show. I can tell you a tour company is a relationship driven business. So although we have respect, we can open door and talk they don't change who they do business with unless they have a good reason.”

A small attraction operator on the south related his experience in establishing a new water sport facility. Although he had met all the required standards and certifications, had an excellent product, and had marketed himself to the right people, he was unsuccessful in attracting guests. This finding suggests that having a good product that meets standards, and having marketing campaigns, is not sufficient to ensure effective participation in the tourism VC. It points to the need for specific initiatives to create new networks, or to forge new alliances within existing business networks.

MSEs have also recognized the impact of modernization of the tourism industry on their ability to participate within the VC. MSEs have traditionally functioned within the informal economy and were subject to limited regulation. However, as the tourism industry evolved, new rules, standards and regulations were created. These have imposed costs that have proven difficult to many MSEs, and as such have limited their ability to connect with larger tourism businesses. A water sport operator on the north coast shared this perspective:

“Previously we only used to hustle, and everything was ok. We knew nothing about license or insurance. If someone had a boat or a jet ski he just offered rides. Now the system has changed. We try to get our “ship” together, but as time goes on it becomes harder, and when you satisfy one thing, another thing comes up, it just seem out of reach all the time.”

For example, although these MSEs operating water sport equipment were fully licensed to operate, the level of insurance did not meet the standards required by the cruise lines or large hotels. As such their businesses cannot be actively promoted on ships or in hotels. This results

in a situation where they are operating close to the hub of touristic activities but due to changes in standards they are unable to participate.

Although modernization may be critical to improving industry standards and ensuring consistent quality, some MSEs were of the view that new regulations were burdensome, inappropriate, and unfairly distributed. For example, several small hotel operators located on both the north and south coast related that the standards relating to security and safety were too uniformly applied and imposed an unaffordable cost given the scale of their operation.

MSE operators also point to an attitude of indifference by some large tourism entities towards MSEs, and a general lack of knowledge of the roles carried out by MSEs in the tourism VC. MSEs, particularly the craft traders and water sports operators, spoke of the tendency of powerful persons within the tourism industry not to accord the issues they face as worthy of attention. The leadership of some MSE organizations indicated that they had limited voice during the stakeholder meetings convened by the area chapter of the Jamaica Hotel and Tourism Association (JHTA). As such, issues affecting their participation are not given priority.

MSE operators also spoke of the need for a greater level of awareness and sensitivity about the range of goods and services that they provide to the tourism industry. This result was particularly clear from transport service providers and the operators of small attractions on the north coast. They emphasized the need to clearly define the boundaries of the tourism industry beyond hotels and transport services. One respondent pointed to the practice by large hotels to use their tour desks as an additional revenue center, as an example of the lack of awareness and sensitivity to other VC participants. In speaking about this practice one transport operator stated:

“There is no equity, no consideration for our operational costs, sometimes taking more than 60% of the revenue, and leaving us to operate at cost or even below cost.”

A similar theme was echoed by the craft traders, in relation to the business practices of hotels and duty-free stores that also carried an inventory of craft items. One respondent used this sports analogy to illustrate his concern with how the lack of system-wide knowledge affects MSEs;

“So when you are on the field of play we all cannot be goal keepers, so we have to have that awareness of who is involved in this product, and at what point they operate.”

More generally, respondents identified industry structure, characterized by the dominance of enclave tourism, as an impediment to MSEs effectively participating in the tourism VC. Enclave tourism refers to tourism development that is isolated from the general public and provides all services required for tourists. Since all services are paid for along with accommodation, tourists are encouraged to stay within the confines of the resorts.

Respondents, particularly small restaurateurs on the north coast, blamed the structure of the industry for an unfriendly business environment by creating “economic drought” for MSEs. One beach side restaurant operator noted that although his business was located in close proximity to a major tourist development with over 2000 hotel rooms, he saw very limited traffic of tourists through his establishment, or the establishment of other MSEs in the area. He used the experience of a local nightclub owner whose business was located next to his to illustrate the impact of the industry structure on MSEs.

“Look at this guy over here that build this fabulous club, spend millions building the place from scratch, four different levels, carpet, hired marketing people from within the hotel. It never lasted a year. So it is a structural issue.”

There is a general feeling among some MSE operators that they have very limited scope for participation in the land-based mass tourism VC, and therefore they focus their attention and energies on tourists in the cruise shipping VC. As one small attraction owner noted of the current industry structure, *“it is almost as if the guests are in Canada, US, or the Cancun, so if it were not for the cruise ship it would be like there is no tourism in Ochi.”*

MSE operators identified three underlying reasons for the emergence and dominance of enclave tourism on Jamaica’s north coast. These were the perception crime, fear of tourist harassment, and fear of liability. Respondents recognized the negative public safety image that Jamaica has due to its relatively high homicide rate and episodic public safety events, such as the May 2009 violent flare up in Kingston, Jamaica. However, they are quick to point out that tourists are not targeted and as such they should be given greater autonomy to explore the destination independently.

Other MSE operators recognized a dynamic relationship between the perception of crime, poor public safety, harassment, and enclave tourism. One respondent spoke about harassment this way:

“It is prevalent, when tourists walk they try to sell them either CD, marijuana, or cocaine, so it is a big problem, and they don’t take no for an answer, they just follow the tourist and you can tell some of them (tourists) are uncomfortable.”

Due to the perception of crime and the fear of harassment, MSE operators are of the view that large hotels try to lower their exposure to legal risks by pursuing an enclave model of development. One restaurant owner spoke of the reluctance of large hotels in his community to promote a live entertainment event that is held each Friday evening, due to the fear of being held jointly liable if a public safety event occurred involving a guest.

The enclave nature of tourism on the north coast creates barriers to MSE participation through physical separation, negative messaging, and the use of packaged tours. Through these mechanisms, large tourism businesses are able to direct the flow of tourists in the resort areas away from potential crime and/or harassment incidents, but also away from their possible interaction with MSEs.

An important component of enclave tourism on the north coast site related to the physical layout of the town of Ocho Rios and the tourism resorts. During participant observation it was observed that several major resort and tourism facilities were designed in order to separate tourists from the general public and to limit access to the grounds. This is achieved through using security fences, but also through building major resorts in secluded coves. Some MSE operators, in their quest to participate in the VC in spite of this separation, often resort to accessing guests on the beach or in the sea. For example, it was observed that small glass bottom boat operators “camped” out in the water close to major beach hotels, just beyond the swim safe zone, in order to attract customers to their service. It should be noted that the enclave nature of tourism development is not limited to private resort development, but has also influenced the design and layout of public spaces where tourists sometimes frequent. The manager of a small attraction had this to say about creating physical barriers:

“the UDC in trying to address the hustle problem that existed along the beach front, they went the route of using chain link, blocking it off. What that did was sort of put a plaster on an open wound, and in fact really made the whole area so unattractive to market that the area is dying a slow death.”

In addition to the creation of physical barriers, MSE operators pointed to explicit and tacit messages that are transmitted by large hotels that could potentially lower the willingness of tourists to leave the resort and explore the destination independently. One MSE operator, who was a previous manager at an AI resort, mentioned that guests are generally told during their welcome orientation that their safety cannot be guaranteed beyond the borders of the resort. Signs bearing similar messages were observed at the borders along the beaches of several large properties. This explicit message is re-enforced through the use of high chain-linked fences and armed security guards at the entrance and borders of hotel properties. One respondent explained the effect of negative messaging this way, *“so it is like they have planted a seed of fear in the minds of tourists for them not to venture beyond these fences.”*

Control of the movement of tourists when they leave the confines of the hotel is maintained through the use of packaged tours. These packaged tours generally do not allow tourists to connect with MSEs in the community. One respondent shared this perspective:

“Tourists go to the tour desk, and purchase a tour. Bus picks them up in the lobby, they go to a major attraction: Dunn’s River, Chukka, or Dolphin Cove, and then it is back to the hotel. There is no free flow of people wanting to go out and interact; there is an absence of real choice.”

Although the above quotation referred specifically to the mode of operation in the land-based mass tourism VC, a similar pattern exists in the cruise shipping VC. More than 80% of excursionists from the cruise ships would have purchased a land-based experience from the ship's tour desk before coming to the port. Therefore a large proportion of cruise excursionists will be subject to structured control in their movement that generally limits their interaction with MSEs.

Several MSE operators also pointed to the current economic climate and how it has had a disproportionately larger impact on MSEs. This was particularly true among small hoteliers operating on the north coast. A small hotelier explained that in response to the recession, larger properties have discounted their rates to levels that they cannot compete. One small hotelier had this to say about the impact of the recession:

“At this time because of the recession, the all-inclusives are discounting their rates. So even the guests who previously would come here, when they look at the rates they can get in the all-inclusives, we cannot match that.”

MSE operators in the water sport sector noted that during the height of the recession they operated at a loss and were unable to recover their overhead costs. Now there is a threat to the viability of their business as their working capital has been depleted. This finding points to the vulnerability of MSEs to global economic fluctuations and the need for targeted programs to improve their resilience against external economic shocks.

Respondents within the small hotel and apartment sector also recognized their inability to compete with the hotel chains particularly the European Plan hotels. A small hotelier pointed out the marketing reach of the mega Spanish hotel chains, and the inability of his

property to compete on price, levels of entertainment, and other amenities. In highlighting the competition from larger hotels he spoke of the comparisons made by international tour operators:

“When we deal with a tour operator they say these large hotels have five side bars and five side restaurants. A 1000 room hotel probably needs five restaurants, a 100 room hotel only needs one.”

These findings point to the increasingly competitive nature of tourism in Jamaica. There has been a steady increase in the number of available hotel rooms and in chain hotels during the last decade. This coupled with the global economic recession creates an increasingly competitive environment in which smaller hotels and larger hotels are targeting the same customer.

The competitive environment also extends to the retail trade segment of the tourism VC. This response was particularly consistent among the craft traders and craft manufacturers. Several craft traders on the north coast conceded that they purchased most of their inventory from craft merchants who imported goods from Asian countries. They choose to purchase from this source, as the imported craft items are cheaper, of greater variety, and generally of better quality. From this perspective it could be concluded that the local craft manufacturers are uncompetitive relative to foreign producers of craft. However, it is important to note that local craft manufacturers do not view this finding to be as a result of a lack of ability to produce, but more so an unwillingness of tourists to pay for what their work is truly worth.

The barrier to small craft manufacturers’ participation created by imported goods is further complicated by accusations of craft espionage and intellectual property rights theft by

foreign producers, aided and supported by local sales outlets. Several local craft manufacturers spoke of producing an original work of art only to see replicas of the item being mass-produced and imported back into the country. One craft producer gave this account: *“I am sorry for this guy, he made an album from dried leaf, and one Indian bought it and sent it to Indonesia. After that he had to close his business.”* Other examples of cheap “knock-offs” or replicas of indigenous craft items were observed being sold in gift shops throughout the resort town. A very visible example of this was a miniature, mass produced replica of a life size carving of a smiling Rastafarian, work that was originally credited to a local wood carver, on the inventory of most of the in-bond stores. These findings point to the need for measures to protect the intellectual property of local craftsmen as well as measures to enhance their productivity in order to become more competitive with imported products.

One outcome of fierce competition among retailers is an informal payment system referred to on the north coast of Jamaica is “payola.” This system of payment is in essence a bribe that is paid to taxi operators in order to ensure that cruise ship excursionists are taken to a given shopping location at the end of their land-based tour. The tours that are sold on the cruise ships generally take guests to one or more attractions and end with a final stop for shopping. Although tourism officials have not endorsed payola as an accepted way of doing business, there is evidence that it is the *de facto* way of operating on the north coast. Many MSEs in the craft-trading sector are unable to match the level of payola that is offered by competing businesses in the duty-free shopping malls. A craft trader explained the impact of payola in this way:

“We give an incentive. We cannot match the big man. If you give one hundred dollar per head, they give 200. So the strength of his cash is destroying us.”

In the context of this interview, the term big man is a collective expression for owners and operators of in-bond stores, most of who are recent migrants to Jamaica, and are of South Asian heritage. Several MSE operators credit the in-bond store operators for the existence of “payola” and lay blame for the low traffic of tourists to the craft markets.

During the participant observations phase, expressions of resentment were made by some MSE operators against the operators of in-bond stores, some of which had ethnic and racially offensive overtones. When this theme was followed up in the interviews, most MSE operators denied any personal ill will towards other business operators but bemoaned what they perceive as an uneven playfield, and an unnecessary effort of the in-bond store operators to “hog” the tourism market. One craft trader had this to say:

“Brethren how you would feel if three or four ship is in the harbor, and for the entire day you don’t sell a cent, and when you go down to Ochi, all of the busses are outside of Soni’s Plaza.”

This finding shows that the competitive nature of tourism businesses leads to business coping strategies that many MSEs cannot adjust to. In this case the issue is complicated due to the element of economic power differentials and ethnic differences leading to some level of irritation between business operators. This finding has surprising similarities to Doxey’s (1975) irritation index, which shows changing attitude of a local population to tourism at different stages of the tourism cycle. In this case though the attitude was targeted not to tourists, but to other stakeholders who were not indigenous to the population but were drawn to the destination because of the tourism industry. A similar result of local resentment between local

business and more established businesses was also found by Mitchell et al.(2015) in a VC analysis of the impact of a large hotel in Turkey. One should not ignore the potential for this tension to grow to including violent action by indigenous MSE operators. Any social disturbance or violent action within the resort town has the potential of damaging the image of the destination and making it more difficult to market. The issue of payola and its adverse impact on the competitiveness of MSEs is an issue that should be urgently addressed by the tourism authorities in Jamaica.

Several MSE operators indicated that prohibitive recurrent costs create a barrier to their sustained viability and their effective participation in the tourism VC. This theme was common mainly among taxi operators, small hotels, and water sports operators on the north coast. Transport operators spoke about the high interest rates that were being charged by lending institutions. As such they face high debt servicing costs. It should be noted that the Ministry of Tourism, through the TPDCo, provides a low-interest loan facility to tourism businesses, for which some MSEs qualify. However, some MSE operators expressed unwillingness to access funding from this source due to the lengthy and complex application process, and their inability to meet all the tax statutory requirements. More mention will be made of this in additional results that will follow. Transport and water sports operators also spoke of high insurance cost that threaten the viability of their businesses and sometimes exclude them from VC participation. Small water sport had this to say about insurance costs:

“Don’t get me wrong, we are insured by NEM to the tune of one million Jamaican dollars, but the ship don’t want that, nor the hotel, they want coverage to the tune of 1 million US dollars, we cannot go up to that.”

Likewise small hotel operators spoke of utility costs as being very burdensome. The cost of electricity generation in Jamaica was \$US 0.30 per kilowatt-hour in 2010, six times more costly than countries in the eastern Caribbean (Wright, 2011). These findings point to the need for focused policy initiatives that can address these cost structure issues.

The data also revealed that MSEs face barriers to their participation due to ineffective and inefficient services from the public institutions that are mandated to serve the needs of tourism related businesses. This perspective was consistent across all types of MSEs on both the coasts. The issues related to poor institutional support, poor coordination between agencies of the state, lengthy and complex processes, inflexible and intractable rules, a lack of vision, and a lack of dialogue between tourism planners and the stakeholders within the system.

Small attraction operators spoke about the problems their businesses had in receiving the required approvals from public agencies. They cited poor inter-agency communication and coordination as a huge factor that limited the success of their businesses. The operator of an adventure attraction spoke about his frustrations in gaining approvals for an innovative idea:

“Even though permission was given, everyone was saying that it was the other persons’ responsibility to sign off on things. The agencies were all over the place, you could never figure out how these institutions work.”

Several MSE operators admitted to paying bribes to public officials in order to expedite approval processes, and to walk applications across different agencies. One operator resorted to writing directly to the Prime Minister and the Minister of Tourism to seek their intervention. Either of these approaches increases the cost of doing business and may result in the loss of

income. In the case of the MSE operator quoted above, he lost the opportunity to enjoy early-mover advantage in the market, as a competing business with greater clout and connections was able to secure approval first.

The issue of lengthy and complex application processes also extends to MSE operators who desired to access low-interest loans or tax concessions. Respondents pointed to the extensive bureaucracy that had to be navigated in order access low-interest loan programs that were instituted by government. A small agro-tourism farm operator who had previously applied aptly expressed, *“they have the TEF funds, but the “rigmarole” you have to go through to get some of these things, you just have to leave it alone.”* Due to the complex application process some MSEs opt to use their own resources, or to seek funding from more expensive sources. This result points to the need to streamline processes by public agencies, as well as to design special programs bearing in mind the needs of MSEs.

MSE operators particularly within the accommodation sector identified intractable and inflexible rules and regulations as barriers to their participation in the tourism VC. Small hotel operators pointed out that they are required to apply the same rules and regulations that appear to have been designed for large hotels. Small hoteliers on the south coast also spoke about the requirement of employing a fulltime lifeguard, although the use of the pool is comparatively small. Others spoke about the standard for security that is applied uniformly throughout the country without consideration for the crime rate in a given community, and the volume of tourists to a given location. The application of rules that in their opinion was designed for large businesses imposes costs that render their establishment less profitable.

Some respondents, particularly small attractions, described the lack of enthusiasm by representatives from the relevant public agency when their business ideas were put forward. One entrepreneur spoke about his 14-year process of slowly establishing an eco-tourism attraction on the south coast. However, in his words, *“The tourism people did not see what I see,”* was a critique of the absence of early support from agencies of the ministry, to development that could potentially enhance the tourism product. Another small attraction operator had this to say about the lack of institutional support;

*“That was a no for them at the time. They did not see it possible for a ***name of entity deleted*** to become an attraction. They could not see the possibility beyond what was before their eyes.... I put things in place and invited them back and they begun to change their argument.”*

The entrepreneurs who expressed this perspective are of the view that earlier “buy-in” and engagement from tourism support institutions would have been of great benefit. For example, one of the respondents quoted above went on to explain that at the later stages of development, when the agency came on board, he was required to make wider trails among other improvements. He argued that if this information were known earlier, he would have done his initial designs bearing in mind the required standards. This points to the need for agencies to identify and work closely with entrepreneurs from the early stages of their business cycle, rather than providing guidance when significant investments are already made.

Finally, respondents spoke about a lack of dialogue between tourism stakeholders and policy makers in relation to decisions that affect MSEs. Transport operators and craft traders on the north coast mostly expressed this sentiment. For example the transport operators

spoke of a recent proposal to increase license rates by 44% that they learnt of through the media.

“Though we are the leaders for the transport coop, we only learnt of this in the media. No one considered how this policy would affect our operation.”

Similarly craft traders spoke about new developments in the craft sector they heard about “through the grapevines” that could adversely affect their businesses. Checks made during the course of this research revealed that the information they had heard was inaccurate and incomplete. However the failure of public institutions to engage in honest dialogue with relevant stakeholders about developments that could impact on their operation helped to fuel speculation and fermented an environment of uncertainty and mistrust between MSEs and the various state agencies that are charged to serve them.

Consistent with the idea of ineffective public agencies, MSE operators viewed the marketing efforts of the Jamaica Tourist Board as ineffective as far as MSE participation is concerned. A small hotelier operating on the south coast expressed, *“marketing is really selective, and targeted towards the high end tourism such as in Montego Bay and Ocho Rios.”*

This sentiment reveals the perspective that publicly funded marketing programs that are conducted by the JTB are more beneficial to large tourism businesses. The JTB does conduct marketing of the island destination in general. Some larger tourist enterprises also have a marketing presence in tourist generating markets through television advertisements, travel magazines, and the Internet. This may help to explain why MSEs are of the view that marketing of the destination by the JTB serves larger tourism businesses more effectively. However, a small hotelier on the north coast who was able to attract a travel writer who had come to

Jamaica on a JTB and JHTA sponsored trip related this concern based on feedback she received from the travel writer;

“She was surprised that the JTB did not have places like mine highlighted. I think there is much more that the JTB can do for places like this. There is a niche market for what I am doing, not everyone wants to come for sea and sand.”

Several MSEs particularly in the Ochi Rios area spoke about their frustration of being close to the hub of touristic activities but not having the ability to market their offerings effectively. The water sports operators who operated on a beach in the vicinity of the shipping pier were most vocal about inadequate marketing. One respondent related:

“The ship comes in and they see the beach but they know nothing about us, and we do not have the capacity to tell them about us.”

As a result of the inability of MSEs to market their businesses in a structured way to tourists, some MSE operators resort to calling out to the few cruise shipping tourists (i.e. freelance tourists) that did not purchase a pre-packaged tour on board the ship. This method equates to tourist harassment, and is a breach of their JTB licenses. This finding points to the need to explore marketing and promotional mechanisms that bring more attention to MSEs and the services that they have to offer.

4.5 Pathways to MSE participation – large business perspectives

From the large business perspective, the data analysis revealed two main factors as being important to MSE participation. These were the ability of MSEs to forge strategic relationships with larger businesses, and the business attributes of the small entrepreneur.

Table 4.4 provides a summary of the pathways to MSE participation from the perspective of large tourism businesses.

Table 4.4. Pathways to MSE participation – large business perspectives

	Hotels	Attractions
Strategic relationships	Supplier relationships	Contracts for services
Attributes of MSE operator	Reliability and flexibility	Reliability, flexibility, compatibility with corporate image

Particularly within the attractions sector, respondents pointed to the existence of many independent MSEs with which they have long lasting strategic relationships. These relationships take the form of long-term contracts for the provision of specific services and the provision of leased space to conduct complementary businesses on the grounds of the larger business establishment. An example of this are taxi operators who are contracted to major attractions for transporting tourists from the cruise ship pier to their land-based experience. Other examples include craft traders, fruit stand operators, and refreshment stand operators, who are sometimes offered concessionaire space on the grounds of an attraction in order to provide specific services.

This relationship offers benefits to both large businesses and MSEs. MSEs have more direct access to tourists' dollars, while the large business is able to provide services that complement their business without diverting their attention from their core function. However, the respondents indicated that the MSEs chosen to operate on their premises are carefully selected and must be prepared to operate by the guidelines established by them in order to reflect their corporate image. For example, it was observed that taxi drivers who were contracted to larger attractions, as well as independent craft traders selling on the grounds of an attraction, were required to wear a uniform that was quite similar to employees of the

attraction. Respondents also spoke of the rigorous training that independent MSE operators must go through in the process of selecting candidates that fit their business needs.

“We invite them in and immerse them in the experience for a week so that they can see how we operate and understand our needs.”

The managers and procurement officers of the large hotels that were interviewed did indicate they had supply relationships with small producers. However, these were few, as they have been transitioning to a limited number of larger supplier intermediaries. They expressed a preference for working with those small food intermediaries that had an extensive network of producers. They work to sustain these relationships as it gives them access to food procurement options and helps minimize supply risk. It could therefore be argued that the supply relationships that hotels have established allow for the participation of MSEs further up-line in the VC.

From the foregoing, it can be concluded that MSEs, many of which operate within the informal economy can become formally connected to the tourism VC by forging strategic relationships with more established businesses. However, their ability to do so depends to a large extent on their willingness to adapt their mode of operation to fit within the operating guidelines of the larger establishment.

In addition to the ability to forge strategic alliances, larger businesses identified two attributes that were important factors that explained their willingness to transact business with MSEs. The factors identified were the reliability of the small supplier, and the level of flexibility of small businesses. Specifically, respondents were asked to comment on what made for a successful long-term relationship with MSEs. The clearest responses came from respondents

within the hotel sector, and corresponded directly to the barrier of supply uncertainty that was discussed in the previous section.

All the respondents from large hotels identified reliability as the most important factor in successful long lasting relationships with small suppliers. Suppliers, whether small or large, that have built a reputation of reliability in their ability to provide supplies are ones that hotels will retain. However, an additional positive attribute that some MSEs possess relates to their flexibility and ability to adapt. The procurement officers noted that many small-scale suppliers are more responsive and adaptable to their changing needs especially in emergency situations. One respondent explained:

“What small businesses bring to the table is a flexibility to respond very quickly.

So it is good to have a few small operators in the mix, just in case.”

In the same breath, though, one of the respondents noted that many times when he offers orders like this in an emergency situation he experiences a feeling of guilt, since he is aware he may have exhausted a large portion of the MSE operators stock without being able to guarantee timely payment, and he may not be able to receive additional orders in the future due to price considerations. Nonetheless, recognition of the flexibility of MSEs to respond to clients’ needs is important in refining business strategies that plays to this strength.

4.6 Pathways to MSE participation -- MSE perspectives

Although MSEs face many barriers to participation in the tourism VC, their continued presence could be taken as an indication of their ability to adapt to the challenge and operate viable businesses. Respondents were asked to speak about the strategies they used to enhance their competitive position, and to promote greater VC participation. The perspectives provided

here could be indicative of potential solutions that could be incorporated within more formal policy and program support. The data revealed that MSEs adopted a number of strategies in their bid to connect to the tourism VC. These included forging strategic alliances, market diversification, web-based marketing, small-on-small business interaction, and the strategy of “bounty hunting.” See table 4.5 for a summary of the findings.

Table 4.5. Pathways to MSE participation – MSE perspectives

	Hotels and restaurants	Attractions	Transport providers (Taxis)	Water sport operators	Craft traders	Food supply intermediaries
Strategic alliances		Partner-ships and contracts	Contracts		Interest groups	
New target market	Domestic tourists	Domestic tourists		Domestic tourists		
Web-based marketing	Online marketing	Online marketing		Online marketing		
Small-on-small interaction	Local procurement					Targeted sales
Bounty hunting	“Payola”		Violate license	Violate license	“Payola”	

Strategic alliances with larger businesses took three main forms. These included partnership agreements between a larger and a smaller attraction, MSEs providing complementary services on the grounds of a large attraction, and relationships between MSE interest groups and larger businesses. Strategic alliances with larger tourism enterprises expose MSEs to higher tourist traffic and increase the opportunity for them to earn revenue on a consistent basis. A small agro-tourism farm spoke about the relationship they had with a large adventure tourism attraction that allowed them to have a higher traffic of guests.

*“We have a partnership with *name of attraction removed* who have a large slice of the attraction pie. We accommodate their zip line tours, and their guests do our tour as part of the package, so we share in a percentage of each guest.”*

Through participant observation and interviews it was noted that some MSEs had long lasting relationships with large attractions for the provision of specific services. Examples of these services included refreshment stands, sale of craft items, and the renting of gear required for the attraction. For example, a respondent who rented protective gear to tourists at an adventure tourism site noted, *“I can do this thing cheaper than if they have to employ somebody to do this.”* This revelation showed that MSEs are very cognizant of the strength they bring to the table and their willingness to leverage those strengths in forging relationships with larger tourism businesses.

Craft traders operating within one craft market also spoke about strategic relationships that they have established with one of the larger hotel chains. This took the form of allowing a limited number of craft traders to sell craft items on the grounds of the hotel one day each week. One craft trader had this to say about this relationship:

“What they do, each week, you have six from each market, going and selling on the property. Some this week, some next week, and so on. That mean the food will spread. If every hotel did that we would not be crying like this.”

The craft traders contrasted the approach used in this relationship with the hotel to the practice by attractions to partner with a fixed set of craft traders for an extended time. They expressed a preference for the former approach as more MSEs were impacted and had a greater sense of equity.

The above mentioned alliance was negotiated and established with the help of a medical doctor who was not directly connected to the tourism industry, but was motivated to help provide a voice for the craft traders as a sub-group. Having an advocate or an intermediary may have been necessary to forge this relationship. Many MSE operators, particularly among the craft traders, are from the lower socio-economic groupings and with lower educational attainment. Therefore, they have less ability to represent their own interests with larger tourism business. In addition, the hotel chain in this case was a foreign chain. As such there is considerable cultural distance between the leadership of the craft traders and the management of the hotels.

This use of strategic alliances shows that the potential exists for integrating MSEs with the operation of larger tourism businesses. However, forging these relationships will require a clear idea of the strengths that MSEs bring to the relationship. The result also point to the potential of developing partnerships with interest groups and for these to occur even in instances with large cultural distance between the partners.

MSE operators within the attractions sector indicated that a key coping strategy for them was to diversify or upgrade their market to include domestic tourism. The main reason cited for focusing more on the domestic tourist market was the barriers they experienced while trying to enter the mainstream tourism market. As such the domestic market was used as a way of keeping the business going while positioning the business to break into the more lucrative international tourism VC. Some MSE operators also cited the need to diversify their market and products in order to lower the risk of a down turn in tourist arrivals.

One attraction operator on the south coast had this to say, *“domestic support keep this going, it is my bread and butter.”* This business at the time had just received the required JTB license to market to the mainstream tourist market. However, he recognized the value of the domestic market, and had developed a small loyalty program to promote repeat visits from domestic patrons. A beachside restaurant on the north coast explained the importance of domestic tourism to his business this way:

“The busy time for me is July and August, because of the local support. What I find is that a lot of the locals who live abroad come home during the summer.

They are the ones who want to come out here and bring their families. So I get a good spin off from the local foreigners during the summer months.”

It is noteworthy that all the MSE operators who spoke about diversifying their markets to include domestic tourists were still actively working towards targeting the mainstream tourism market. The fact is that the foreign tourism market is more lucrative. However, they have recognized the importance of the local market in helping their business to attain financial viability, to mitigate against seasonal fluctuations, and the risk of overexposure to the foreign tourism market. In addition, they are able to market to the local population before receiving all the approvals to be licensed as a tourism business.

A limited number of MSE operators highlighted the successes they had in accessing mainstream tourism markets by having an online presence. Use of the Internet has allowed those MSEs who have developed websites to enjoy the same global reach as any other business within the destination. For example, one small water sport operator explained the marketing power of the Internet in this way, *“I get customers from the ship, because I got help to build a*

website.” This respondent, the only one among her peers that had an Internet presence, indicated that cruise passengers generally make contact with her site while they are on route to Jamaica and make advanced bookings with her establishment. A small adventure tourism attraction on the north coast also expressed a similar experience from online booking, as well as receiving good recommendations on online travel rating sites.

At the time of data collection, the Jamaica Association of Villas and Apartments (JAVA) was in the process of developing a website that would provide a portal to small properties and allow for online booking. Villa operators on the south coast also indicated their use of search engine optimization tools on their websites. This allows their website to become more prominently displayed when an individual conducts a web search of the destination.

This finding is very significant as it shows the potential of ICTs to help create a more level playing field for MSEs by allowing greater marketing reach. In this information age, tourists are increasingly more digitally enabled and have shown a trend to be savvier in researching the destination. This provides an opportunity for MSEs to provide accurate information to respond to this new digitally enabled traveler.

Several MSE operators spoke of the ease and convenience they had in conducting business transactions with other MSEs. This was particularly true for small hotels, villas, and restaurants. Operators of small hotels and apartment indicated that they purchased directly from small intermediaries, the farmers market, and sometimes directly from the farmer. This is contrasted with the large hotels that tend to source fruits and vegetable supplies from a limited number of larger suppliers. One hotel manager had this to say, *“We are able to get the quantities we need, and have built up an excellent relationship with farmers and other*

suppliers.” Another respondent spoke about the tendency for small hotels to purchase their grocery items from retail outlets located in the community:

“There is a robust business between the villas and the supermarkets and shops in the community. In a lot of instances they are not buying large volumes at one time, so it is more convenient to purchase right here in the community.”

A similar result was observed among restaurateurs and small hoteliers, particularly on the south coast who showed a greater tendency to purchase fish in small quantities directly on the fishing beach or from a fish vendor. This suggests that some small MSEs are more adaptable to serving the needs of smaller tourism businesses and as such connect to the VC at points where they have the capacity to function more effectively.

Finally, many MSEs maintain a presence within the tourism VC by practicing what is informally called “bounty hunting.” Transport operators who would drive around the resorts seeking potential passengers first coined this term. It describes an entrepreneurial activity undertaken in an opportunistic way on the street whenever a potential sale exists. It should be noted that the practice of “bounty hunting” is considered tourist harassment by the JTB. However, bearing in mind the many barriers to MSE participation outlined earlier, some MSEs view this way of operating as the only legitimate way of ensuring they are able to earn a livelihood.

Bounty hunting exists in many forms, and in its fringes, comes along with some illegal activities. Some examples include taxi operators who operate outside of the bounds of their license in trying to attract passengers, water sport operators trying to attract patrons along the

beaches adjacent to large hotels, craft traders trying to ply their wares to passing tourists, as well as informal traders who try to peddle contraband items, such as illegal drugs.

This way of operating is frowned upon by the tourism authorities as it is blamed for creating tourist harassment and damaging the image of the destination. However, from observation it seems as if there is some level of tolerance to this kind of entrepreneurial activities by the police and other security personnel. As one policeman explained his laissez-faire approach to enforcement in a no trading zone, *“my role is to ensure public order, I have to exercise some discretion, because everybody needs to eat and drink.”*

There is also evidence that some MSEs operating within these informal spaces offer services that are in demand by tourists that cannot be legally provided. For example, it was revealed during participant observation that tourists who enquire about drugs are discreetly shown where the item can be easily purchased.

Most of the businesses being conducted by individuals who try to make a living from tourism through the practice of “bounty hunting” operate at a very informal level. However, their presence should not be discounted, as their mode of operation has the potential to harm the general tourism product. This finding points to the need of streamlining how these MSEs operate, and to remove “bounty hunters” from the dark shadows of the tourism VC. There may be some merit to revisit the issue of a trade in marijuana within resort areas. With changing attitudes towards marijuana use in tourism generating markets and the promulgation of medical marijuana regulation in several US states, the timing may be more favorable to doing so. This would remove an element of criminality from the tourism VC and create new opportunities for tourism businesses including MSEs.

4.7 Summary

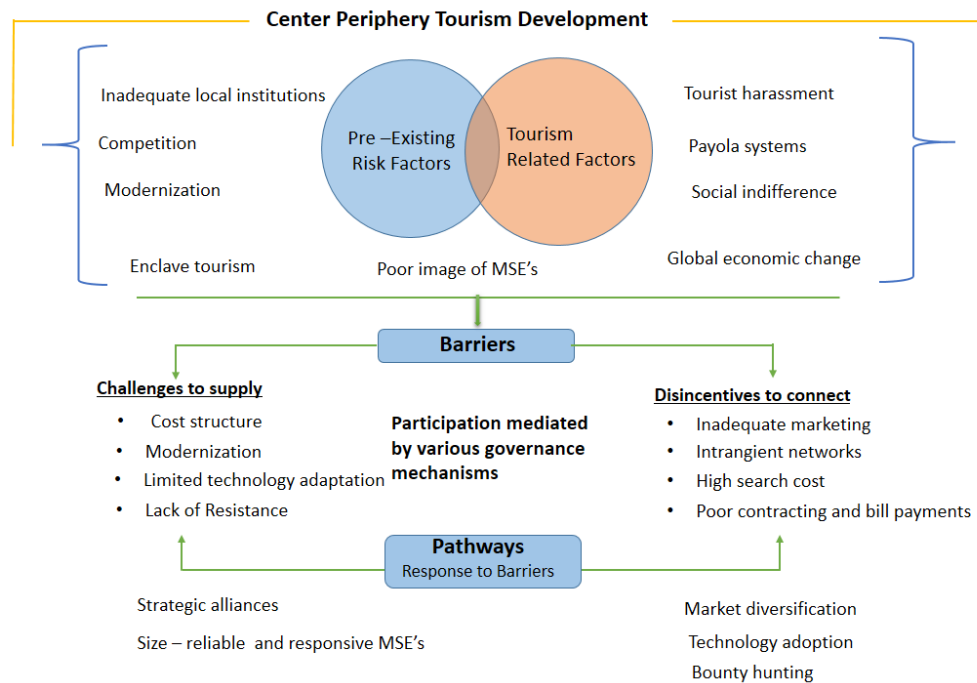
Findings show that there are numerous barriers to MSE participation in the tourism VC, both from the perspective of large businesses and MSEs. While there is some overlap in the perspective of barriers to VC participation between large businesses and MSEs, MSEs identified a wider range of issues that limited their ability to create linkages with larger tourism businesses and in general impeded their participation in the tourism economy.

Although there are clear barriers to MSE participation, there are also clear indications that some MSEs have been able to operate successfully. Their ability to adopt strategies to ensure their participation within a relatively business unfriendly environment is a testament to their resilience and points to their continued importance as a broad stakeholder group within the VC.

The results provided here are largely consistent with the conceptual framework provided in Chapter two. The evidence points to a tourist industry that conforms largely to the center-periphery pattern of development. In this context, MSEs face high barriers to enter mainstream tourism VCs due to high costs associated with increasingly high industry standards, production constraints stemming from weather patterns, lack of access to new technologies, high cost structures, and barriers to access markets due to underdeveloped supply chains and contracting arrangements. However, there was no evidence of cultural distance forming barriers to MSE participation.

Figure 4.3 incorporates the research findings in order to present an updated conceptual framework illustrating barriers and pathways to MSE participation in Jamaica.

Figure 4.3. Summary of findings – barriers and pathways



The findings suggest that the combined effect of supply constraints including high cost structures, the cost associated with modernization of the industry, the limited use of new technologies, and the low resilience of MSEs to shock (weather systems, natural disasters, and global economic change), in interaction with pre-existing risk factors associated with MSEs in general, reduces the productive capacity of many MSEs and limits their ability to participate effectively in the tourism VC. Furthermore, possibly due to poor marketing strategies the offerings of MSEs are not well known to stakeholders and the wider tourism market. This combined with old and intractable business networks that are often not open to embracing new entrants, slows the rate at which MSEs are integrated into the VC. Additional disincentives for connecting with MSEs exist through high search costs associated with finding MSEs and poor contracting and bill payment practices on the part of large tourism enterprises.

In spite of the barriers noted above, MSEs have maintained a visible and active presence within the VC. They have shown their ability to adapt to the challenging business environment and have devised strategies to ensure their continued participation. The pathways to their participation in the VC were through forging strategic alliances with larger tourism businesses, as well as developing business networks with other MSEs in the tourism VC. The strategy of diversifying markets and embracing domestic tourism has given some MSEs a way of creating commercial viability while positioning their business for the foreign tourist market. In addition, although only a relatively small proportion of MSEs had regular Internet access and websites for their business, those that did reported its marketing power and its ability to transcend some of the marketing barriers they previously experienced. Finally, many MSEs operate within the “grey area” referred to informally as “bounty hunting.”

Although the barriers and pathways to MSE participation from the perspective of large businesses and MSEs do not correspond directly, in several instances they were speaking to the same issue. For example, while large businesses referred to various supply constraints affecting MSE participation, MSE operators themselves spoke very little about the supply constraints they faced. However, they highlighted the issue of competition from imports. This was in essence describing different sides of the same issue. It should also be noted that there is a dynamic relationship between some of the pathways to MSE participation that were identified and barriers to MSE participation. For example, while the flexibility of MSEs to respond to the needs of larger tourism businesses could be a pathway to their participation, the long bill payment period could create future supply constraints due to a temporary cash flow shortage. Likewise, the use of the “bounty hunting” technique by some MSEs may be considered by some

as a legitimate pathway to MSE participation. However, it has the potential to reinforce the poor image problem that exists, and create a stronger case for the enclave model of tourism development. This recognition of the dynamic relationship between the views of MSEs and large tourism businesses point to the needs for a holistic perspective in decision making that affects VC participation.

What are the possible policy implications from this research that could guide policy and program design to promote greater MSE participation? A more comprehensive development of policy implications from this research will be provided in Chapter Five. However, two important policy implications are suggested here.

Firstly, there is a high level of agreement between large businesses and MSEs on some important barriers and pathways that affect MSE participation. For example, large businesses and MSEs generally identified contracting relationships and the modernization of the tourism industry as barriers to participation. This agreement among stakeholders can form the basis for focused dialogue among VC participants and relevant tourism institutions to devise specific strategies to address how these issues affect MSEs and how they could be appropriately addressed. Similarly, large businesses and MSEs share the same view on the role of strategic partnerships between MSEs and large tourism enterprises in expanding MSE participation. This is a strategy that is clearly working and has the potential to be mutually beneficial to all. This may be another area where policy and program design could promote the creation of these strategic alliances, through the provision of incentives and/or partnership development expertise.

Second, almost all categories of MSEs identified ineffective institutions as a barrier to participating in the tourism VC. This overwhelming emphasis on poor institutional support is indicative of an unfavorable environment in which MSEs operate. While other elements of the business environment cannot be controlled, e.g., the global economy, the effectiveness of public institutions is within the control of policy makers and planners. There is therefore an urgent need to review the institutional arrangements that exist to support tourism development in general, and MSE participation in particular.

Attention to these issues (and others which will be addressed in Chapter Five) can help to move the tourism VCs in Jamaica closer to attaining the ideals of sustainable tourism development.

CHAPTER FIVE: CONCLUSION

In this closing chapter, a brief summary of the results highlights the major contribution to the tourism literature and implications for practice and tourism policies. This is followed by a discussion of the limitations of the research. The chapter closes with a brief outline of future research along this line of enquiry. By focusing on MSE participation in the global tourism VC, this dissertation will add to the ongoing conversation in academia and among tourism practitioners, in moving the tourism industry closer to achieving the economic and equity dimensions of sustainable development.

5.1 Major findings

Important findings from this research are associated with the mapping exercise as well as the examination of barriers and pathways to MSE participation. Although the mapping exercise provided a general description of the VC, it also revealed that multiple VCs were in operation simultaneously within a given destination. These distinct VCs can be differentiated by varying levels of explicit control in the relationships between VC participants. This is pointing to different forms of VC governance mechanisms, and implies varying opportunities for MSE participation and upgrades. The captive governance mechanisms that were identified in the land-based mass tourism VC and the cruise shipping VC on the north coast provided relatively limited opportunities for VC participation when compared to the domestic and non-traditional VCs on the south coast. This finding is consistent with previous research by Tajeda et al.(2011), which found that businesses within the sun-lust tourism segment exhibiting captive governance faced higher barriers to participation and upgrading.

Both MSEs and large tourism business operators had large areas of agreement in what they perceived to be barriers to MSE participation in the Jamaican context. Barriers to MSE participation are cast within a competitive global environment and are accompanied by governance mechanisms that sometimes limit MSE participation. Furthermore, other realities (harassment and crime, poor image of MSEs, etc.), create an unfavorable operational environment for MSEs. However, some MSEs have been able to hurdle barriers associated with supply constraints and various disincentives to connect with MSEs.

This broad consensus among tourism practitioners on some of the barriers and pathways to MSE participation could form the first step in coalescing around a limited group of issues that can be agreed upon for action. This could lead to improving the business environment for those that can be controlled, and removing key barriers where they exist.

5.2 Contribution to literature

In Chapter One, the general contributions of this research to tourism literature and to practice were alluded to. This applied work has pulled methods and approaches from diverse fields of studies to examine a complex issue that has been the subject of discourse and study for several decades. The contributions of this research to tourism literature fall within two categories, methodological, and theoretical.

The use of the VCA framework to examine MSE participation is by itself a novel methodological contribution to tourism literature. Previous studies that explored similar themes appeared to conduct a general review of businesses within a given destination. They appeared to lack a structure that ensures adequate coverage of all relevant businesses. The framework adapted for this research assumes that MSEs could potentially connect with the VC

at different points, and recognizes that the actions of VC participants at one point of the chain may influence MSE participation located at different points of the VC. VC analysis provides a structured approach to studying MSE participation by allowing for a systematic examination of barriers and pathways to MSE participation at all points of the VC.

VC analysis in tourism has been used for over fifteen years. Its use has been mainly confined to applied technical work in economic development contexts. In those studies although frequent reference is made to a mapping process as an important step in the VC analysis, they were not transparent in the processes used to arrive at and depict the VC map. To the extent that the methods used were revealed, one weakness observed was the risk that the VC map produced would reflect powerful voices within destinations and provide an incomplete view of the VC.

The methods adapted for this research took into consideration the need to give voice to all stakeholders while acknowledging issues of power differentials and differences in the understanding of the VC between groups of stakeholders, or even within groups. The combination of social network analysis combined with cognitive mapping as used in this research represents a unique contribution to tourism literature. It provides a clear and unbiased method through which the VC of a given tourism destination can be elicited and represented. With repeated use of this approach to mapping in VC analysis this procedure could become the default approach to generating tourism VCs in the future.

The findings of this research have also pointed to barriers and pathways to MSE participation that have not been previously highlighted. From the literature review the main barriers and or challenges to MSE participation included high start-up capital, lack of access to

credit, global product standards, lack of access to global markets, skill deficiency, poor policy support, social exclusion, global procurement, inadequate local production and marketing systems, poor contracting arrangements, low production capacity, and the inability of MSE to compete on price. Although some of these issues were mentioned as barriers to MSE participation there was no mention of barriers related to lack of access to credit and or high start-up capital requirement. This was not a surprising finding for two reasons. First, there are several loan and grant programs that are targeted to MSEs. As such there is no shortage to capital to start an MSE or to expand an existing business. Furthermore, there appeared to be an absence of aspiration from many MSE operators to operate larger businesses that would require higher levels of start-up capital.

The “take-away” point from the above observation is that some barriers to MSE participation, such as providing a credit program, can be seemingly easily removed. However, the provision of credit by itself may not necessarily promote MSE participation if other barriers exist that threaten the viability of MSEs. This is consistent with Barkley (1992) who posited that the presence of programs to support MSEs does not guarantee positive outcomes. It is implicit that the design of these programs to meet the needs of MSEs may be important.

The single most important barrier to MSE participation that was noted in this research related to ineffective public institutions and poor institutional design. This was a barrier that was noted by almost all categories of MSEs. As was noted in the results chapter, some MSEs even refused to apply for loans or grants that were provided by publicly funded programs. The issue of ineffective institutional support is occurring in a context where public policy intent is to support the emergence and growth of MSEs. The importance of ineffective institutional

support and poor institutional design as a barrier to MSE participation as highlighted here is an important contribution to overall understanding of barriers to MSE participation.

Previous studies on MSE participation have tended to examine barriers and or challenges to MSEs or local businesses. By looking at both barriers and pathways, this research highlights the adaptation strategies that have been employed by MSEs and points to potential policy solutions that could promote MSE participation in the value chain. In this regard, an interesting finding is the possibility to narrow the cultural distance between local MSEs and large trans-national tourism business and thereby create new possibilities for interactions between MSEs and large tourism entities. This may require the intervention of local leaders who may be able to facilitate effective communication.

5.3 Policy implications

By focusing a clearer understanding of MSE participation on policy relevant issues, this dissertation will add to the ongoing conversation in academia and among tourism practitioners in moving tourism businesses, both large and small, closer to achieving the economic and equity dimensions of sustainable development. This research points to several policy initiatives that could be undertaken to address various elements of MSE participation in the global tourism VC. Several of the issues that create barriers to MSE participation are interrelated. Therefore policies that focus on limited areas may have only marginal effect on the broader issues related to MSE participation. The suggestions being made here should not be taken as a linear set of steps to be taken, but should be viewed as a menu of approaches which if implemented concurrently could over time have significant impacts on MSE participation in

Jamaica. For the sake of simplicity these have been classified as: (1) addressing the business environment, and (2) specific program initiatives.

5.31 Addressing the business environment

The summary of findings in Chapter Four depicted a business environment in which several elements are beyond the control of policy from a given destination. However, the operational environment for MSEs could be improved by: (1) enhancing system-wide knowledge of the VC, (2) adopting institutions to the needs of MSEs, and (3) addressing the issue of tourist harassment.

5.32 Enhancing system-wide knowledge

From the cognitive mapping exercise it was revealed that stakeholders held divergent and sometimes incomplete understanding of the tourism VC. This perspective was validated in the in-depth interviews when MSE operators spoke about barriers created due to a lack of awareness among VC participants about complementary products and services. There is therefore need for program action designed to enhance system-wide knowledge of the VC among all stakeholders.

Improving system-wide knowledge could have several positive impacts on the operating environment. For example, comprehensive understanding of the total VC among tourism officials and agencies can help in policy and program design. Furthermore, a better understanding among businesses, of all sizes, may reduce the feeling of indifference that is perceived by some MSEs, reveal areas for synergies between businesses, reduce search costs, and help to address barriers associated with poor marketing. This could help destinations that are defined by enclave-type tourism development become more inclusive of the community,

and provide openings within existing business networks for emerging local businesses, including MSEs.

5.33 Adapting institutions to the needs of MSEs

There was very clear evidence in Chapter Four that ineffective public institutions, i.e., service support organizations, were themselves barriers to MSE participation. It could be argued that these institutions were not designed to meet the needs of MSEs and therefore lack the personnel, expertise, and capacity to adequately service this unique clientele. On one hand, the economic development promotions agency, JAMPRO, is mandated to attract and facilitate foreign direct investments as well as large local investment. As such their programmatic activities do not include MSEs. On the other hand, the Kingston based Jamaica Business Development Corporation (JBDC), a public agency, is mandated to serve the needs MSEs throughout the country. However, many MSEs in tourism cannot access the services they provide due to the distance and the time it would require away from their businesses.

There is therefore need to adapt existing institutions to address the barriers to MSEs that result due to inadequate institutions. One approach may involve a partnership between JBDC and the relevant tourism entities. There is a need in each major resort center for a tourism business incubator that can provide a “one-stop-shop” for all required information, as well as other services related to training, improving product standards to meet modern standards, accounting, ICT and web design, and marketing support, among others.

5.34 Addressing tourist harassment

The issue of tourist harassment particularly on the north coast is in need of urgent attention. However, the traditional approach of enforcement and increased use of enclave-

type development is clearly not working. Policies to address tourist harassment and the negative image of the destination must of necessity be multi-modal in approach: to include a respectful and sincere engagement among all stakeholders to address the deep causes of harassment, public education of stakeholders on the causes and effect of harassment, and new opportunities for greater MSE participation and upgrading. This requires recognition among stakeholders that in spite of differences in their economic power they are mutually dependent on each other for effective functioning of the tourism VC, and its future viability.

5.35 Specific program initiatives – addressing barriers

In Chapter Four there was clear evidence that late payment for goods supplied to hotels formed a barrier to some MSEs (mainly food intermediaries, and attractions). This issue of late payment could potentially deplete working capital and compromise the ability of MSEs to continue supplying the VC. This problem could also be addressed with an institutional response, using existing institutional capacities. One approach could be to establish a tourism industry input supply exchange, specially designed to expedite payments within seven days of submitting an invoice. Payment from the hotel or other relevant tourism business could then be made directly to the exchange. A program of this nature could be managed by existing public institutions, for example, the local agricultural extension body, and funded initially by the Tourism Enhancement Fund (TEF).

Chapter Four also pointed to the absence of resilience of small producers, particularly farmers, to extreme weather variation and hurricanes. There is some indication that the capacity exists to adequately supply locally produced vegetables, evidenced by cycles of glut and scarcity (corresponding with weather patterns). A tourism policy orientation that

integrates across sectors by considering downstream or indirect providers could address this issue. The resilience of small farmers could be addressed by designing and promoting scale appropriate technologies, such as protected agriculture, rain-fed drip irrigation systems, and post-harvest production storage infrastructure.

Key to strengthening the productive capacities of VC participants who are not direct providers is to design policies and programs that caters to their needs. This could mean initiatives to improve the quality and efficiency of craft artisans through targeted training, programs geared to strengthen the craft traders organizations, creating venues for the promotion of quality craft products, and protecting the intellectual property of local art creators from craft espionage. Initiatives such as this could validate the contribution and value of local artisans to tourism. Furthermore, it could provide the incentives and where-with-all to improve the quality of locally manufactured craft item, and reduce the search costs to gift shops and in-bond stores.

One way to advance greater MSE participation and upgrading is to learn from those practices that are working, and to scale-up these practices where possible. In this regard, the creation of strategic relationships between large and small enterprises as well as among groups of smaller enterprises has shown promise. Where these relationships exist they should be recognized and given prominence as examples of best practice. Furthermore, as part of the institutional redesign for MSEs mentioned earlier, one programmatic activity could be the promotion of relationships between large enterprises as well as among groups of small enterprises. This kind of strategic intent embedded in policy could make the creation of

relationships between businesses the norm within destinations, thereby leading to a governance mechanism that is more supportive of MSE participation and upgrading.

Similarly, the successes that have been noted among those MSEs that adopted use of the Internet in web-based marketing should be replicated. Some MSE operators may not have the ability to adopt and will need policy and program support, especially in the early stages. The bridging of this digital divide by MSEs in tourism could potentially release a new wave of innovation and leapfrog their upgrading and revenue earning prospects from the global tourism VC.

What is the likelihood that these proposed programmatic initiatives, if implemented, could be successful? There is no clear answer to this question, as the outcomes of any programmatic activities to enhance MSE participation will be dependent upon a range of factors and are beyond the scope of this paper. However, these suggestions firmly place the focus of any intervention on the destination in question to adopt its institutions and change its business practices in order to respond to the exigencies of the global tourism VC. In other words, it may be unrealistic to expect a major international chain hotel to change its bill payment practice in order to meet the needs small farmers and food supply intermediaries. Given the importance of tourism to the local economy, and the expressed desirability to increase MSE participation, it may be more practical to shape institutions in order to lower transaction and coordination costs, stimulate innovation, promote production efficiencies, develop new competencies, create new synergies between businesses, and generally create a conducive environment for MSE to create value for the global tourism VC.

5.4 Research limitations

As with all empirical research, the findings should be interpreted bearing in mind limitations of the data, methods of analysis, and the research context. These issues are addressed in this section.

This being a qualitative study, the findings cannot be generalized across all tourism VCs. The results accurately describe the VCs in the research sites as well as barriers and pathways to MSE participation from large and MSE perspectives. Admittedly, issues explored in this research will be idiosyncratic to the research sites. However, the findings could provide insights into possible barriers and pathways to MSE participation in small island states such as the Caribbean, as well as destinations with a similar pattern of tourism development.

In one sense the strength of the VC approach created inherent weaknesses in the depth of the data collected. The VC approach required collecting data from a wide range of businesses operating at different points of the VC. This provided good overall picture of barriers and pathways to MSE participation. However, this meant that in the time allotted, interviews were conducted with relatively fewer numbers of stakeholders within each category. While there was some evidence of reaching saturation point in data collection in some categories stakeholders, additional interviews may have provided greater depths and clarity to the results. The results presented here should therefore be taken as the starting point of understanding barriers and pathways to MSE participation. There may be the need for follow-up studies within each category of stakeholders in order to generate findings with greater policy relevance.

Additionally, the original intent of this research was to have interviewed all categories of stakeholders that were generated in the mapping exercise. However, one stakeholder group, i.e., international tour operators, was not interviewed, as they were not sited within the destination. Efforts to seek contact with and gain approval for interviews with international tour companies through their affiliated DMCs were unsuccessful. This represents a weakness in the coverage of the data. Future research must take the challenges associated with incorporating voices that are not easily assessable in understanding the issue of MSE participation.

It is also acknowledged here that due to time and resource limitations, not all relevant categories of indirect providers were included. For example, independent service contractors, food processors, furniture manufacturers, and others were not interviewed. A follow-up study that included wider range of VC participants would therefore add considerably to the understanding that was generated through this research.

Finally, some categories of stakeholders were unwilling to participate in the research, or to share some types of data. The reasons for this unwillingness ranged from genuine concern with issues of confidentiality to a culture of secrecy within some sectors. As such the original scope of the research was curtailed in light of the challenges associated with data collection. This points to the need for more sustained engagement with stakeholders in order to build trust and generate acceptance for the importance of this kind of research.

5.5 Future research

The issue of governance within global tourism VCs has been subjected to limited empirical work. However, given the intent of the sustainable tourism movement to create a

tourism industry that is responsible and responsive to local needs this line of enquiry is of great relevance. Research in this area can help to improve our understanding of the link between VC governance and the development of local businesses and MSEs. A particular useful application of this type of understanding is to anticipate how VC governance may evolve over time, or how policy may help to shape governance mechanisms in order to influence VC functioning, including MSE participation.

Earlier empirical work in VC governance within the manufacturing sectors focused on how different forms of governance emerged over time, and how changes in governance mechanisms were effected. This may be a good point from which to pursue this strand of research in tourism. A deeper understanding of how a particular form of governance, or combination of governance influences, evolved in a given destination may shed light on the power dynamics that mediate participation in global tourism VCs. Here I suggest three lines of inquiry that could form the basis for ongoing empirical work related to VC governance in tourism.

One approach to studying governance in tourism is to conduct case studies of destinations that most closely align with the current typology of VC governance. The objective here would be to create a profile of the destination while examining key themes such as standardization of products, technology innovation, investment and expansion policies, level of integration with local/global suppliers, prevailing macro- economic environment, trade policies, incentives schemes, shifts in governance mechanisms with time and links to upgrading opportunities for local businesses and MSEs. This kind of research would allow for refining our

understanding of governance in tourism by grounding the conceptual framework in tourism research.

The case studies would trace the development of that destination throughout its history. Data for this study can be assembled from multiple sources including public records, newspaper archives, and interviews. A key element of a case study of this nature is to maintain the VC perspective, i.e., recognizing that governance among direct providers will impact on governance among the indirect providers. Therefore, unlike similar works in the manufacturing sector a case study of this nature will need to transcend all relevant sectors.

A follow-up to this case study would be to investigate the relationships between different forms of governance and MSE upgrading strategies. The literature so far suggests that businesses that operate with arms-length market governance mechanisms have a greater scope to pursue functional and total VC upgrades compared to those functioning within hierarchical governance mechanisms. Previous work (Tejeda et al., 2011) which showed that tourism firms functioning in the sun-lust segment of the tourism market faced higher constraints to upgrading compared to cultural tourism suggests that different forms of tourist products presented varying opportunities for MSEs. Although these relationships have been identified, so far a rigorous quantitative examination of these relationships have not yet been carried out. This kind of research could help to provide stronger evidence of the relationship between governance and the scope for local businesses to innovate and creates greater value in tourism VCs.

This research could be carried out through surveys of tourism businesses in a given destination. An ideal destination for this study would have a range of tourism businesses that

are characterized by all of the governance mechanisms identified. The survey would ask respondents to identify the strategies they have used over a given period to upgrade their participation, as well as the number of activities they have engaged in. This data could be used to develop a measure of innovation effort and to establish a correlation between innovation and governance mechanisms, upgrading strategies and governance type and identify the factors that support a complete VC upgrade in tourism.

A third line of enquiry could be to examine how governance affects the performance of local businesses and MSEs. This enquiry could explore the relationships between MSE viability and governance and possible point to policy initiatives that could impact on long-term business viability. The objective in this research would be to explore the relationship between governance and MSE growth. Drawing from literature in small business economics, growth in businesses is influenced by a range of factors including age and size of the businesses as well as socio-cultural factors associated with the business owner (Evans, 1987). Evans developed an empirical model and used regression analysis to estimate small business growth as a function of business specific characterize (age and size). It is proposed here to estimate a modified Evans model that incorporates these socio-cultural variables as well as an index of governance to investigate the impact of governance on MSE growth.

This research could be achieved through conducting a survey of tourism businesses. Previous attempts in collecting business related data in Jamaica revealed reluctance among some businesses to participate in surveys. This issue must be kept in mind in future research in this subject area. It will be important to build strong relationships with stakeholders characterized by mutual trust and respect as a precursor to this kind of enquiry. A research

approach that is modeled more closely to participatory action research may help to allay fears associated with participating in scientific enquiry.

APPENDICES

Appendix A

Interview guide for eliciting value chain maps

Purpose of interview: To eliciting mental models of tourism stakeholders' perception of the value chain

1. What are some of the;
 - a. Challenges you are facing in tourism at this time?
 - b. What are some of the opportunities that you are persuing?
2. What is it that you try to achieve in your operation?
3. How do you go about achieving this?
4. Why is this important to you?
5. What are the other businesses and or agencies with which you relate (either directly or indirectly)?
6. What do you perceive as the objectives of those institutions and or businesses with which you relate?
7. How does the relationship with those entities and or businesses affect your organization and or business?

Question seven explores all the business relationships individually. Follow-up and probing questions explored coordination between businesses, centers of power and control, regulatory mechanisms, and the ease of participation by businesses. This process continued until the individual exhausted explaining their understanding of the tourism value chain.

Appendix B

Socio-grams representing value chain maps of tourism stakeholders

Figure A.1. Public officials at the national level

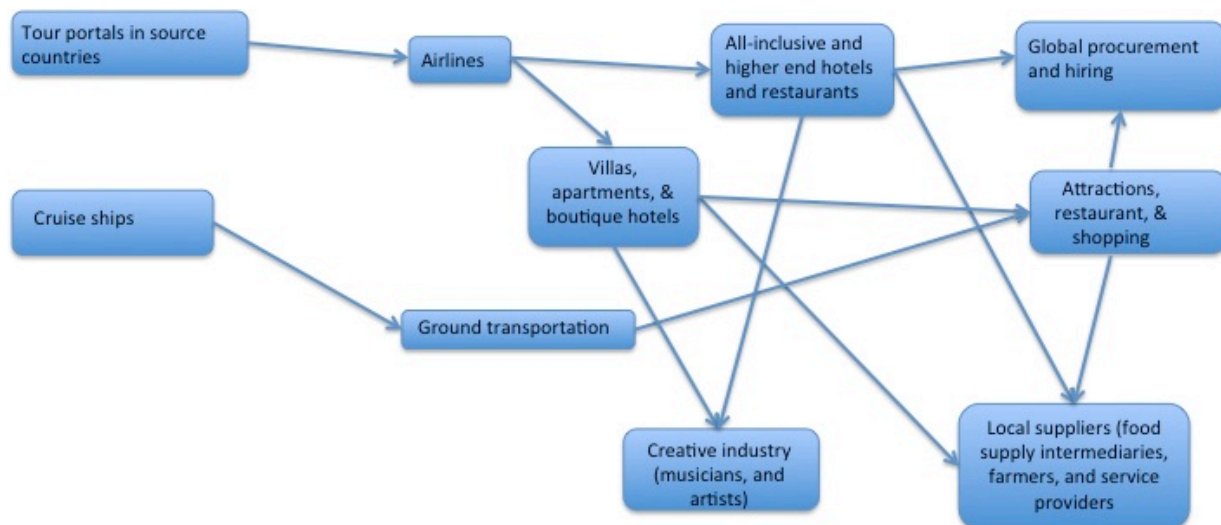


Figure A.2. Public officials at the resort level

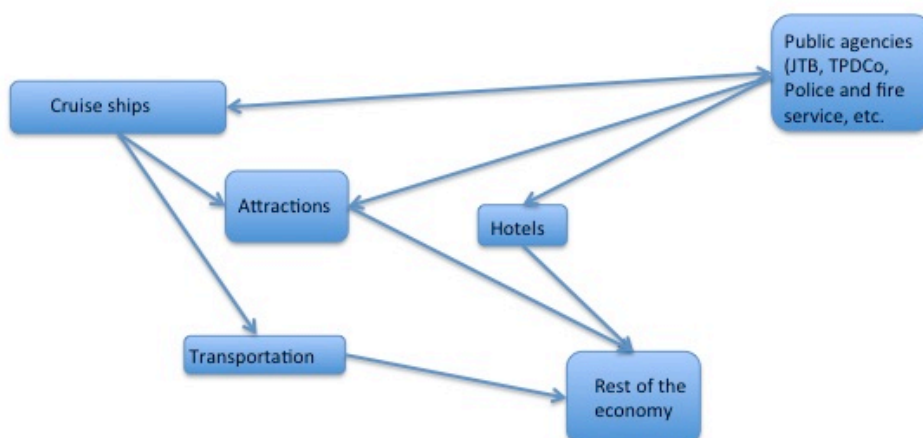


Figure A.3. Large hotelier perspective (north coast)

Large hotel perspective (North coast)

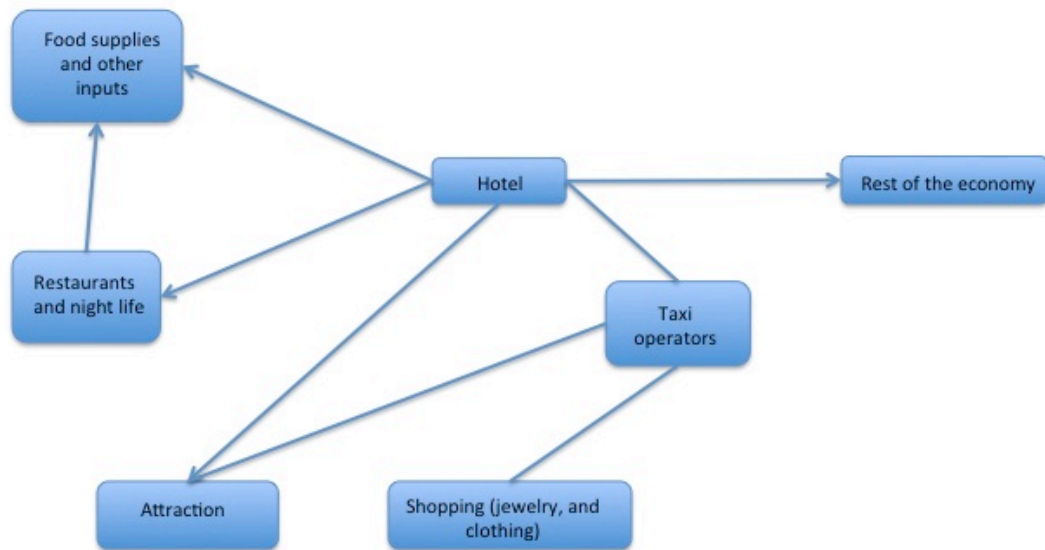


Figure A.4. Small hotelier perspective (north coast)

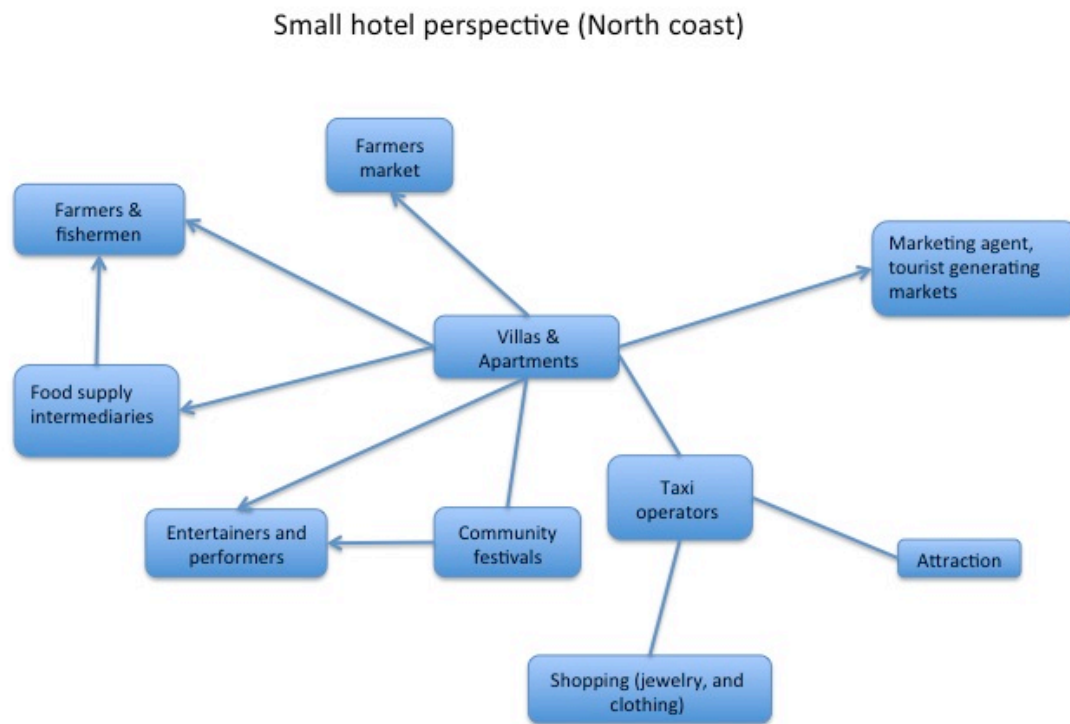


Figure A.5. Attraction operator perspective (north coast)

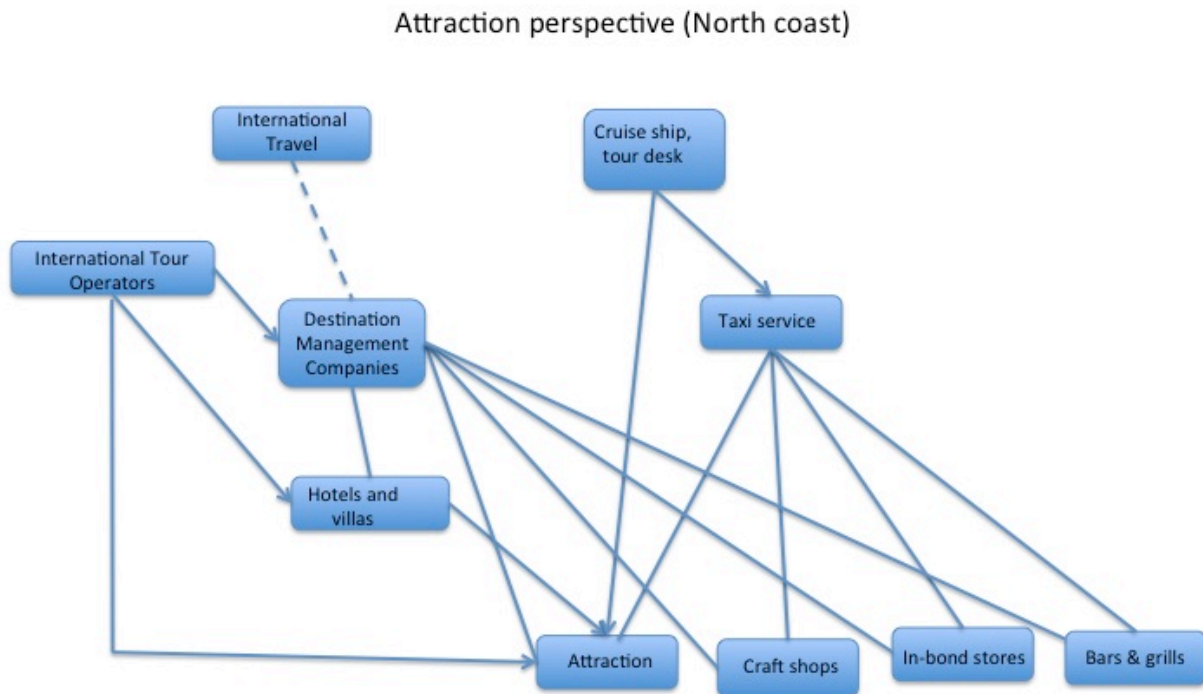


Figure A.6. Destination management company perspective (north coast)

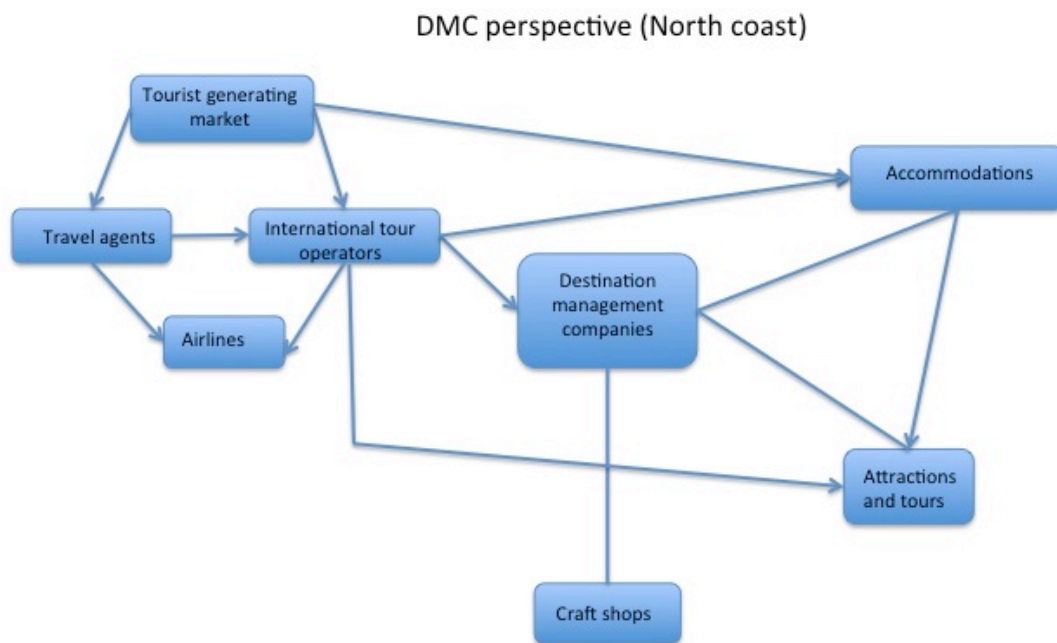


Figure A.7. Taxi operator perspective (north coast)

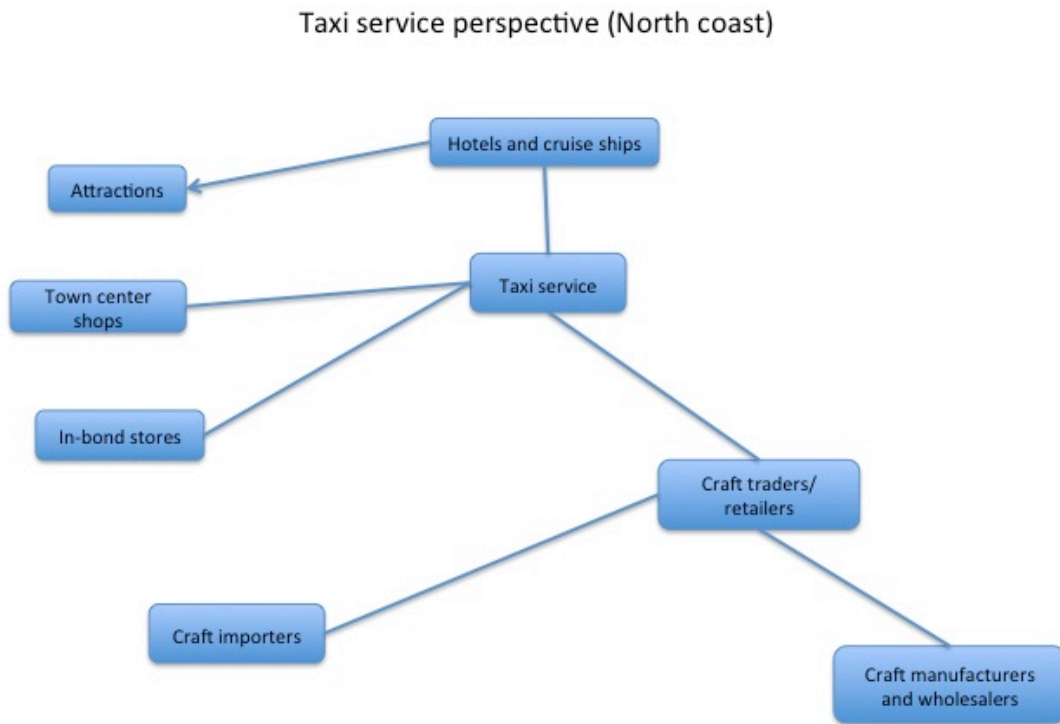


Figure A.8. Craft trader perspective (north coast)

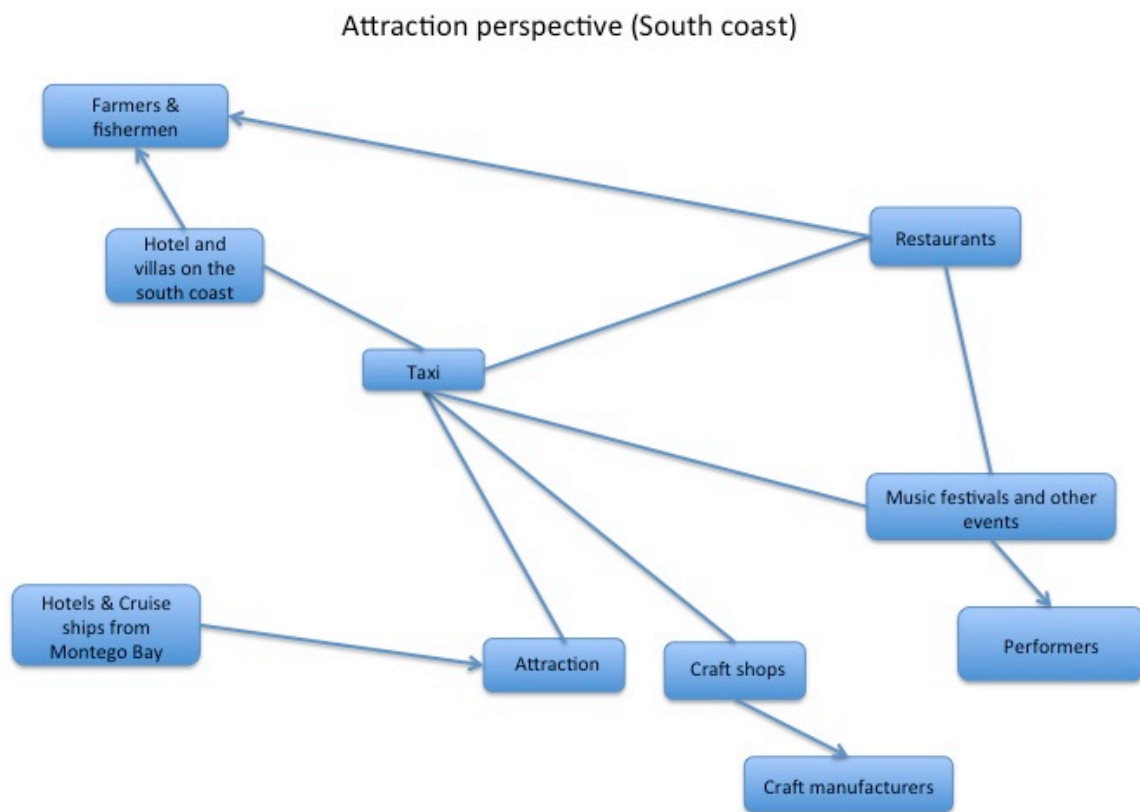


Figure A.9. Small hotelier perspective (south coast)

Small hotel perspective (South coast)



Figure A.10. Attraction operator perspective (south coast)



Appendix C

Table A.1. Codes and their definitions; mapping

	Code	Definition	Application rule
1	Systemic	Describes a stakeholder perspective that sees the value chain is an interconnected web of businesses and organization.	Applied when respondents speak of the tourism industry as a system, or as systemic.
2	Centrality	Describes a stakeholder perspective of the prime importance of an agency or group of business to the functioning of the tourism value chain.	Used when respondents identify the centrality or critical importance of an agency or group of businesses to the value chain.
3	Power	Describes the ability of businesses to exert influence over the functioning of other businesses entities.	Applied when respondents speak about the ability of some businesses to influence chain wide activities, or coordinate functioning within a section of the value chain.
4	Peripheral	Describes the perspective of stakeholders that view some categories of business as not being important to the value chain	Applied when respondents spoke about some categories of business as being peripheral to the value chain.
5	Depth	Describes stakeholders' level of comprehension of all the entities and categories of businesses involved in the value chain.	Applied when respondents speak about and or demonstrate comprehensive knowledge of the agencies and businesses involved in the value chain, and the connections between them.
6	Shallow	Describes stakeholders' lack of comprehension of the entities that are involved in the tourism value chain.	Applied when respondents' account of the range of value chain participants shows limited knowledge of value chain participants and the connections between them.

Appendix D

Interview guide to explore barriers and pathways to MSE participation

Purpose: To explore the barriers and drivers to micro and small business participation.

Large business perspectives

1. Tell me about your business
2. What are the kinds of businesses that you have a business relationship with?
3. Why do you have relationship with these businesses?
4. Do you have business relationships with local MSEs? What is the nature of these relationships?
5. Tell me about your experiences in dealing with MSEs?
 - a. When you had successful business relationships what factors were important?
 - b. When these relationships were not good, what factors were responsible?
6. If you do not have relationships with MSE, why have you not done so? Or what would prevent you from developing business relationships with MSEs.
7. Do you see opportunities for MSEs to develop business relationships with your enterprise (Now, in the future)? What might some of these be?
8. What public policies would encourage you to consider increasing the relationship between your business and MSEs?
9. How should MSEs adapt and change in order to be able to have successful relationships with businesses such as yours?

MSE perspectives

1. Tell me about your business
2. What are the kinds of businesses that you interact with?
3. Why do you have relationship with these businesses?
4. Do you have business relationships with other local MSEs? What is the nature of these relationships?
5. Do you have business relationships with large tourism business? What is the nature of these relationships? Tell me about your experiences in dealing with these businesses?
 - a. When you had successful business relationships what factors were important?
 - b. When these relationships were not good, what factors were responsible?
6. If you do not have relationships with large tourism businesses, why have you not done so? Or what would prevent you from developing business relationships with large tourism businesses.
7. Do you see opportunities to develop business relationships with large tourism businesses (Now, in the future)? What might some of these be?
8. What public policies would encourage more interaction between your business and large tourism businesses?
9. How should MSEs adapt and change in order to be able to have successful relationships with large tourism businesses?

Appendix E

Table A.2. Codes and their definitions; barriers and pathways

	Code	Definition	Application rule
1	Barriers	Actions or policies that present obstacles to the viability of MSEs or reduce their ability to effectively participate in the value chain.	Applied when respondents mention actions and policies that present obstacles to MSEs and reduces their ability to effectively participate in the value chain.
2	Bounty hunting	Describes opportunistic entrepreneurial activity by some MSE who try to increase their sales through increased effort to attract patronage from tourists.	Applied when respondent spoke about bounty hunting as a pathway for MSE participation.
3	Competition	Describes situations in which tourism entities try to gain market advantage by selling at a lower price	Used when respondents spoke about barriers created by MSEs' inability to compete with larger tourism entities.
4	Conflicts	Describes situations in which there are unfriendly and uncooperative relationships between businesses	Applied when respondents speak of conflicts between different groups of businesses or the fear of conflicts creating barriers to MSE participation
5	Contracting relationships	Describes situations in which contracting relationships with MSEs are poorly specified.	Applied when respondents speak of situations in which poorly specified contracts present a barrier to MSE participation and viability.
6	Cost structure	Describes critical cost items that businesses faces and have an impact on their level of competitiveness.	Applied when respondents spoke about barriers to MSE participation created by the cost structure.
7	Crime	Describes a general environment in which public safety laws are being broken.	Applied when respondents speak of the crime rate, particularly homicide, helping to create barriers to MSE participation.
8	Diversification	Describes the effort of MSE operators to sell their goods and services to different markets	Applied when respondents spoke of market diversification strategies as a pathway to MSE participation in the value chain.

Table A.2 (Cont'd)

9	Enclave structure	Describes tourism practice in which the movement of tourists is confined within pre-determined spaces and involves limited scope for the tourist to explore a destination independently.	Applied when respondents spoke about the barriers to MSE participation created by the enclave structure.
10	Global recession	Describes the general slowing down of the global economy and the impact this has had on the tourism value chain.	Applied when respondents spoke about barriers to MSE participation created due to the global economic recession.
11	Harassment	Describes situations in which the entrepreneurial interaction between MSEs and tourists make the tourist feel uncomfortable or unsafe.	Applied when respondents speak of harassment creating barriers to MSE participation.
12	Image	Describes situation where the image and perception of businesses can affect their ability to participate.	Applied when respondents speak of negative image and perceptions of MSE create a barrier to their participation.
13	Imports	Describes situations in which imported goods are the preferred option for use in the value chain.	Applied when respondents speak of imported goods presenting a barrier to MSEs.
14	Institutions	Describes the role of public agencies in regulating and facilitating tourism businesses involved in the value chain.	Used when respondents spoke of barriers to MSE participation created by ineffective and maladapted institutions.
15	Marketing	Describes the general promotion of the destination by JTB.	Used when respondents spoke of barriers to MSE participation created by how the destination is marketed.
16	Modernization	Describes a general upgrading of the regulations, standards governing the tourism value chain, as well as the use of newer technologies in the delivery of tourism services.	Applied when respondents speak of modernization of tourism presenting barriers to MSE participation.
17	MSE attribute	Describes specific traits of an MSE operator that is found desirable by other businesses.	Used when respondents spoke of specific MSE attributes that created a pathway for MSE participation.

Table A.2 (Cont'd)

18	Muted	Describes situations in which some tourism stakeholders do not have the power or the standing to contribute to tourism policies and the practice among other value chain participants.	Used when respondents spoke about barriers to MSE participation created by an absence of voice in shaping tourism policies and practice.
19	Natural disaster	Describes situations in which natural disasters disrupts the supply of tourism goods and services.	Used when respondents spoke about barriers to their participation created by natural disasters.
20	New standards	Describes new product standards and procedure that have been developed to govern the practice of tourism service delivery.	Applied when respondents spoke about the new product standards creating barriers to their effective participation.
21	Old networks	Describes established and closed business relationships and networks that have existed for decades.	Used when respondents spoke about barriers to MSE participation due to old and intransigent networks.
22	"Payola"	This is an informal bribery system in which monies are paid to taxi drivers to encourage them to take tourists to their business's location.	Used when respondents spoke about barriers to MSE participation created by the "payola" system.
23	Quality	Describes situations where product standard, safety, timeliness of delivery and other attributes of tourism goods are critical to business success.	Applied when respondents speak of situations where quality requirements present a barrier to MSE participation.
24	Seasonal supply	Describes situations in which the supply of tourism goods varies due to weather and climatic patterns.	Applied when respondents spoke about seasonal supply due to weather and the barriers to participation caused.
25	Small-on-small interaction	Describes to trading relationships that take place between small accommodation businesses, and grocery stores, farmers, and fishermen in the community	Applied when respondents spoke about targeting their sales to other MSEs as a pathway to their participation in the value chain.

Table A.2 (Cont'd)

26	Storage	Describes situations in which storage facilities are critical in promoting MSE participation.	Used when respondents spoke about barriers to MSE participation created due to absence of or inadequate storage facilities.
27	Strategic alliances	Describes relationships that are established between businesses within the destination.	Applied when respondents spoke about business relationships as a pathway for MSE participation.
28	Technology	Describes new technologies that have been adopted by businesses within the tourism value chain.	Applied when respondents spoke of the inability of MSEs to adopt new and emerging technologies, and the barriers created as a result.
29	Pathways	Actions and or policies that enable MSEs to participate in the value chain.	Applied when respondents mention actions and or policies that promote MSE participation. Also applied when actions that promote MSE participation were observed.
30	Payment period	Describes situations in which there are lengthy periods between the supply of goods and payment is received.	Applied when respondents speak of situations in which payment period presents a barrier to MSE participation and viability.
31	Price competitiveness	Situations where MSEs are unable to compete on price with larger tourism entities or imported. Products	Applied when respondents speak about situations when price competitiveness presents a barrier to MSE participation
32	Search cost	Describes situations in which there is a high search cost associated with accessing goods produced by MSEs.	Applied when respondents speak of situations in which high search reduces the willingness of tourism entities to engage the services of MSEs.
33	Supply chain	Describes situations in which local market supply networks are critical to business success.	Applied when respondents speak of the absence of supply chain as a barrier to MSE participation.

Table A.2 (Cont'd)

34	Supply constraints	Conditions that reduce the ability of MSEs to supply tourism goods and services in the quantity, quality, consistency, and time required.	Applied when respondents mention mentions conditions that reduce the ability to MSEs to supply tourism goods in the quantity, quality, consistency, and time required.
35	Supply uncertainty	Situation that result in the lack of certainty of MSEs to deliver tourism goods to other value chain participants.	Applied when respondents speak of supply uncertainty reducing their willingness to procure goods and services from MSEs.
36	Web-based marketing	Describes effort by MSE operators to create web pages, conduct online marketing campaigns, and generally to have an online presence.	Applied when respondents spoke about their use of web-based marketing as a pathway to MSE participation.

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